Petition

81-365

Office-Supreme Court, U.S.
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ALEXANDER L. STEVAS,
CLERK

No. ....

IN THE

Supreme Court of the United States

October Term 1981.

EA INDUSTRIES, INCORPORATED, a corporation,
Petitioner,

vs.

AMI INDUSTRIES, INCORPORATED, a corporation,
Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit.

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Questions Presented.

This Petition presents an important question of law having far-reaching implications regarding the value of the patent system as a mechanism for the advancement of technology, namely:

Can a patentee obtain the benefit of the filing date of an earlier application for claims directed to subject matter

(1) not described in the earlier application, and

(2) not disclosed as the invention in the earlier application, and/or

(3) not invented by the patentee as of the time of the earlier filing, if ever?

By affirmation of the lower court decision, the Fourth Circuit incorrectly answered each of the foregoing in the affirmative, thereby making it possible for a patentee to file for a patent on the invention of another. The validity of the patent in suit, U.S. Patent No. 3,589,495, depends, by admission of plaintiff, on the ability to claim the benefit of the filing date of an earlier application for patent under 35 U.S.C. 120. To benefit from an earlier filing date, disclosure of the invention in an application filed on that date is required. In this case, however, the District Court found that the earlier disclosure *did not describe* the structure which was later covered by the claims of the '495 patent and *did not describe* the function that the later-disclosed device performed. Instead, the court relied on what would be "obvious" or what would be achieved "without undue difficulty" rather than what was actually described in the application. In this way it extended the teachings of an early disclosure so as to circumvent what was otherwise admitted by the plaintiff to be prior art, including petitioner's mech-

anism designed and constructed several months prior to the filing of the patent now in issue.

The second issue presented is directed to the question of whether the Patent and Trademark Office has primary jurisdiction over questions of validity under the newly enacted reexamination procedure. Congress has recently enacted legislation providing for a process by which the Patent and Trademark Office can reexamine an issued patent to consider substantial new questions concerning its validity. This process is designed to allow the patentee and others the opportunity to obtain, in the words of Congress, "the most expert opinions" regarding validity. Appellant was denied a stay of proceedings to pursue the validity issue set forth above under this newly enacted procedure. A secondary question thus presented is whether the Court of Appeals improperly proceeded to rule without first permitting an administrative determination. By failing to accord the status of primary jurisdiction to the regulatory scheme of patent reexamination, Congress' intent that the "most expert opinion" be available is frustrated.

JAMES W. GERIAK

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AMI INDUSTRIES, INCORPORATED, a corporation,

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Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit.

I.
JURISDICTION.

The Fourth Circuit judgment was entered February 13, 1981, accompanied by an opinion of that date. A Request for Rehearing timely filed was denied April 15, 1981, and a Request for Reconsideration of that denial was denied May 12, 1981. This Court has jurisdiction to review the judgment below by writ of certiorari pursuant to 28 U.S.C. 1254(1).

II.
RELEVANT STATUTES.

The relevant statutes related to the first issue are 35 U.S.C. 120—"Benefit of earlier filing date in the United States" and 35 U.S.C. 112—"Specification." Relevant to the issue of the denied stay pending reexamination are the

new Reexamination Statutes 35 U.S.C. 301-307. Pertinent portions of the foregoing statutes are set forth in the appendix.

III.
STATEMENT OF THE CASE.

This Petition arises out of an infringement suit brought by AMI Industries, Inc. to enforce two United States Patents, Nos. 3,716,264 and 3,589,495, the latter being the subject of the present Petition. The suit was brought against EA Industries, Inc. for the manufacture of certain brick-making equipment. Claim 1, 2, 3, 12 and 21 of the '495 patent were the subject of litigation for patent infringement in the Western District of North Carolina in *AMI Industries, Inc. v. EA Industries, Inc.*, 204 U.S.P.Q. 568 (W.D.N.C. 1979) and those claims were found valid and infringed. The District Court decision was sustained on appeal before the Fourth Circuit (210 U.S.P.Q. 4).

A. THE PATENT IN SUIT.

1. Overview.

The application resulting in the '495 patent was filed August 18, 1969, as a continuation-in part application of a parent application filed August 11, 1965, and now issued as United States Patent No. 3,478,397. The '495 patent, like the '397 patent before it, is directed to equipment used in the automatic production of brick and particularly to equipment used to invert, at some point in the process, a portion of the product to be stacked face to face with the remaining portion of the product. Equipment employed to accomplish this functional result are appropriately known as inverter-stackers or simply as inverters.

2. Comparison of the '397 and '495 Patent Disclosures.

In order to understand the issue regarding the proper filing date, a comparison of the parent '397 patent and the continuation-in-part '495 patent is helpful. Both patents disclose an identical mechanism as a first embodiment which includes a conveyor that delivers a monolithic block of green clay, or "slug," to a station where that slug may be pushed laterally onto a plate having holes through the surface thereof to hold the slug by vacuum. A succeeding slug is then conveyed by the conveyor mechanism into the position previously occupied by the first slug prior to its lateral movement onto the vacuum plate. The vacuum plate then grips the slug by vacuum and rotates 180° to invert the first slug and position it by means of vacuum above the second slug. The vacuum is then released and the inverted slug drops onto the succeeding slug. The stacked slugs are then conveyed to further equipment where they are cut into brick.

It is significant to note that neither the original disclosure of the vacuum inverted in the '397 patent nor the later disclosure of the same embodiment in the '495 patent discloses or in any way suggests the use of the vacuum inverter as a means for inverting a row of brick previously cut from a monolithic slug. Such a description would be out of context in the embodiment of the vacuum plate inverter mechanism which has no provision for the cutting of slugs into brick prior to the inverter-stacker position, and, indeed, a subsequent cutting operation is illustrated in conjunction with this embodiment. Thus, it is clear that the vacuum inverter embodiment of both the '397 patent and the '495 patent is not disclosed as being capable of inverting a plurality of brick and the device was never contemplated to conduct such an operation.

An additional inverter is disclosed as a second embodiment in the '495 continuation-in-part patent which is not disclosed in the earlier filed '397 patent. This new and different inverter is disclosed as a mechanism for stacking and/or inverting a row of brick cut from a slug. To this end, a conveyor delivers a row of brick to a stacking position. An inverter frame having inflatable gripping elements which grip the bricks as a group descends on the row of brick, grips the bricks by their ends by inflating the gripping elements and lifts the bricks from the conveyor. A succeeding group of brick then is moved by the conveyor into position beneath the gripped bricks. The gripped bricks are optionally inverted and then lowered onto the succeeding group and released. Necessarily, in this later filed embodiment only, the inflatable gripper device is positioned at a station following the mechanism for cutting slugs into brick.

Thus, the first of the two patents discloses a device which uses vacuum through a porous plate to invert and suspend a single monolithic block or "slug." The second discloses both the foregoing device and a device which grips by pressure a group of blocks or bricks to lift and invert same. Thus, two different mechanisms are employed at two different positions in the brick-making process to invert product, a result which was not itself new even as of the filing date of the '397 patent.

3. The Claim Scope and a Broadened Definition of the Term Slug.

To accommodate the two devices in a single patent claim in the '495 patent, the applicants found it necessary to define a new term. This new term was to cover both the monolithic block and the group of separate bricks. Furthermore, this new term was to have the appearance of the original disclosure as a means to get behind the intervening prior art.

To do so, the term "slug," previously used to refer to the monolithic block, was broadened to cover a group of brick. Thus, in reviewing the disclosures of the '397 patent and the '495 patent, it is imperative to note the different definitions of the term "slug" in each of the patents.

In the '397 Patent the term "slug" is used only as it is generally used in the industry—to refer to a monolithic block of extruded clay, which may be cut into bricks and which, when cut, is no longer a slug. At no time is a group of bricks cut from a slug referred to as either a slug or a cut slug. By comparison, the '495 patent redefines the term "slug" to include cut brick. Through this redefinition, the term was available for use as a vehicle for defining claims to include both the embodiment first disclosed in the '397 patent (1965) and the embodiment first disclosed in the '495 patent (1969). Just such an argument was made in the litigation below.

That the claims at issue, Claims 1, 2, 3, 12 and 21, are of sufficient scope to cover the gripper-type mechanism first disclosed in the '495 patent is beyond question. The lower court held in Conclusion of Law No. 19 that petitioner's inverter-stacker infringed the claims at issue. The petitioner's inverter-stacker is found in Finding No. 23 to be of the gripper type. Thus, the claims were clearly read on the gripper type second embodiment of the '495 patent first filed in August of 1969 which required the term slug to refer to a group of cut brick as well as a slug as originally employed.

4. The Findings Below.

With the foregoing background, the findings of the District Court are sufficient to provide a basis for the present petition. The District Court below determined that the 1965 application resulting in the '397 patent failed to disclose

that the vacuum plate inverter had a capability for handling cut brick. In Finding of Fact No. 16, the Court stated in pertinent part:

> "That inverter-stacker called the 'vacuum inverter' *was not described* in either the '397 patent or in the '495 patent as being adopted to similarly handled [sic] slugs that had already been cut into individual brick, and its ability to do so is an issue in this case." [Emphasis added]

Furthermore, that the vacuum plate inverter was not capable, without modification, of handling groups of cut brick was acknowledged by the District Court in Finding of Fact No. 44, stating in pertinent part:

> "Based upon the evidence summarized in the last two Findings, the Court finds that the vacuum inverter of Fig. 2 of the '397 and the '495 patents is capable of handling cut slugs and that one skilled in the art on August 11, 1965, would have known how and been able to make it do so *without undue difficulty*." [Emphasis added]

With respect to claims in suit 3, 12 and 21, the Court stated in pertinent part in Finding of Fact No. 48:

> "Accordingly, the Court finds that they [Claims 3, 12 and 21] are for the same invention as Claim 1, including only embellishments of the invention of Claim 1 that *would have been obvious* to one skilled in the art from common practices in the art (*e.g.*, gripping a row of abutting brick as disclosed by the Francis and Segur patents)." [Emphasis added]

The findings further verify the existence of intervening art, between the filing of the applications resulting in the '397 and '495 patents (F.F. No. 28) and of an intervening device by Defendant employing the very gripper elements

of an inverter-stacker found later to infringe (F.F. No. 23). Finding of Fact No. 23 states in pertinent part:

> "Such a system built by the Defendant was installed at Triangle Brick Co., near Raleigh, North Carolina, shortly after the first of 1969. The evidence is not clear as to whether the inverter-stacker of that machine ever operated satisfactorily as originally constructed, but Mr. Jones testified that the Defendant had built and sold 20 such machines which presumably did operate successfully. Transcript 530. They are the kind of inverter-stackers accused by Plaintiff as infringements of the '495 patent in suit and were constructed as shown in a chart marked as Plaintiff's Exhibit 87."

5. Patentee Concession Re Invalidity.

During the appeal, in both the Appellee's Brief and in a Brief in Opposition to a Motion to Stay Proceedings on Appeal, AMI Industries conceded that if the claims of the '495 patent were not entitled to the 1965 filing date, the claims in suit were invalid. This statement was made at pages 27-28 of the Appellee's Brief and at pages 9-10 of the Brief in Opposition to the Motion to Stay Proceedings. As more succinctly stated in the Brief in Opposition, the patent owner, AMI Industries, stated:

> "AMI, in its appeal brief (pp. 27-28), conceded that Claim 1 of its '495 patent is invalid if restricted to the August 18, 1969 filing date of the application for that patent, and conceded further that the other claims in suit 2, 3, 12, and 21, all of which are dependent directly or indirectly on Claim 1, are invalid if Claim 1 is finally determined to be invalid."

Thus, the determination of the effective filing date for the claims in suit will be dispositive here.

B. DENIAL OF A STAY PENDING REEXAMINATION.

Also pending the appeal, during the pendency of a Request for Reconsideration, petitioner filed a Motion to Stay Proceedings pending the outcome of a Request for Reexamination of the '495 patent. The basis for this Motion was that primary jurisdiction existed in the Patent Office under the new reexamination statutes, 35 U.S.C. §§302-307. This Motion was denied and the appellate decision became final.

IV.
REASONS FOR GRANTING THE WRIT.

The present Petition is appropriate for a Writ of Certiorari for the consideration delineated in Supreme Court Rule 17.1(a), a conflict between the circuits. The petitioner also believes that the anomalous result of the lower court decision is antithetical to the basic premise underlying the patent system. Finally, the denial of a stay pending reexamination ignored the import of the new reexamination statute effectively giving primary jurisdiction to the Patent and Trademark Office.

A. THE EFFECTIVE FILING DATE.

The central issue raised by this Petition is the proper effective filing date of the claims contained in the '495 patent. Through 35 U.S.C. 120, the patent laws have provided a vehicle for updating, improving upon, or changing the direction of a patent application at some point after the filing thereof. This is accomplished by filing a new application with the amended material contained therein. However, certain restraints are placed on the opportunity to so amend an earlier application. Of import here is the requirement that claims directed to new matter be afforded the filing date of the disclosure of that new matter. Thus, a

continuation-in-part patent may contain claims having an effective filing date of the original application and claims having an effective filing date of the continuation-in-part application.

1. The Requirement of Disclosure Was Not Satisfied.

Section 120 of Title 35 specifically provides for treatment of an earlier-filed invention in a later-filed application "as though filed on the date of the prior application." However, this allowance is limited to "an invention disclosed in the manner provided by the first paragraph of section 112." The appropriate statute to be carefully considered for purposes of determining new matter, therefore, is section 112.

Section 112 requires a written description of the invention and the manner and process of making and using it. This description requirement is not to be confused or made synonymous with the enablement requirement of the same section. This distinction is clearly recognized in *In Re Barker et al.*, 194 U.S.P.Q. 470, 472 (CCPA 1977). The court stated:

> "This Court has clearly recognized that there is a description of the invention requirement in 35 U.S.C. 112, first paragraph, separate and distinct from the enablement requirement. [Citations omitted] A specification may contain a disclosure that is sufficient to enable one skilled in the art to make and use the invention and yet fail to comply with the description of the invention requirement. [Citations Omitted]
>
> . . .
>
> "Obviously, if there were a description enabling 'any person skilled in the art . . . to make and use,' there would be no need to require a description of the 'manner and process of making and using .' As a principle

> of statutory construction, it is presumed that Congress did not use superfluous words.[3] No evidence has been offered to rebut that presumption in this case."
>
> [3] "*United States v. Menasche*, 348 U.S. 528, 538-539 (1955). . ."

Finding of Fact No. 16 of the District Court below cannot be overemphasized in its impact on the '495 patent claims vis-a-vis section 112.

> "That inverter-stacker called the 'vacuum inverter' *was no described* in either the '397 patent or in the '495 patent as being adopted to similarly handled [sic] slugs that had already been cut into individual brick . . ." [Emphasis added]

There was no description of a mechanism for gripping and inverting group of brick.

That it is possible or obvious to one of ordinary skill in the art to derive something from a disclosure without undue difficulty is not enough to satisfy the disclosure requirement. With regard to the description requirement, *In Re Winkhaus, et al.*, 188 U.S.P.Q. 129, 131 (CCPA 1975), states:

> "Although it may be *apparent*, as appellants argue, that the vapors of the reaction mixture at the end of a given heating zone *could* be utilized for heating the mixture flowing through this zone, that does not mean that such a step is *described* as part of their invention. That a person skilled in the art might realize from reading the disclosure, that such a step is *possible* is not a sufficient indication to that person that that step is part of appellants' invention. Such an indication is the least that is required for a description of the invention under the first paragraph of §112." [Court's emphasis]

The Court found the disclosure insufficient to support the claim under section 112.

It is just such conjecture of possibility and probable obviousness which the lower court relied on in the present

case. In light of the lack of any specific description as noted in Finding of Fact No. 16, the Court was required to use such conjecture in an effort to read the later claims of the '495 patent on the 1965 disclosure of the '397 patent. Finding of Fact No. 44, quoted above, specifically stated that one skilled in the art would be able to make the earlier disclosed embodiment, the vacuum inverter, handle cut brick "without undue difficulty." Thus, it may be "*apparent*" and "*possible*" to one of ordinary skill in the art to make the vacuum inverter of the 1965 device handle cut brick. However, as the cases clearly indicate, this does not meet the description requirement of section 112. Reference is also made to Finding of Fact No. 48, also quoted above, which declares for Claims 3, 12 and 21 that the handling of abutting brick from the first disclosure "would have been obvious" in view of the first disclosure. Again, what is apparent is not what is described. The standard of disclosure of 35 U.S.C. 112 was not met by the '397 patent.

2. Conflict Between the Circuits.

Thus, the courts below have employed 35 U.S.C. section 120 to relate back to the earlier filed '397 patent without sufficient disclosure required by section 112. This extension of the claims of the '495 patent to the 1965 date transcends a plurality of references and an early 1969 use by petitioner directed to gripping mechanisms for inverting and stacking groups of brick. This anomalous result achieved by the redefinition of the term "slug" and by the finding of possibility rather than description by the lower court leads to a direct conflict with the decision of the 7th Circuit in *Hazeltine Research, Inc. v. Zenith Radio Corp.* (7th Circuit 1967) 388 F.2d 25. The decision here in question is also contrary to the published analysis and interpretation of the applicable patent law by the Patent and Trademark Office

on January 28, 1981, appearing at 46 Federal Register 9121-9124.

The facts in *Hazeltine Research, Inc. v. Zenith Radio Corp., supra*, are remarkably similar to that of the present situation. In *Hazeltine*, an original patent application was filed in January of 1946 on a means using a first technique for automatically adjusting an incoming T.V. signal to give a uniform picture. Subsequently, in March of 1949, RCA published a bulletin detailing a means for accomplishing the same result using a second technique. Later, on October 8, 1949, Hazeltine filed a new patent application which claimed the early priority date and contained claims "considerably broader than the original claims." These claims were found to cover a means for adjusting the incoming T.V. signal to give a uniform picture using the second technique earlier disclosed in the RCA publication as well as that of the original disclosure. In finding patent invalidity, the Court stated at 388 F.2d 33:

> "The continuation, under 35 U.S.C. Sec. 120, may not be used to permit HRI to claim new material not disclosed in the original application and not invented by it so as to cut off intervening rights."

Clearly, the present case closely parallels *Hazeltine v. Zenith* with the exception of the result. A first patent application (the '397 patent) was filed disclosing a first means for accomplishing the inverting of product by the technique of using a vacuum inverter to invert monolithic slugs prior to cutting. *Following* the design and installation of a plant by petitioner which was later found to infringe the '495 patent, as determined by Finding of Fact No. 23, the patent application containing those claims ('495 patent) was filed. The claims of the later case extended to the inverting of

groups of brick as well as the inverting of monolithic slugs and hence the claims had been broadened. Therefore, there is clearly a direct and significant conflict between circuits.

3. Conflict With the Patent and Trademark Office.

The conflict of the present decision of the Court of Appeals below extends to the published policy of the Patent and Trademark Office as well. By notice in the Federal Register, the Patent and Trademark Office published a proposed change in the requirements for patent oaths of inventors to bring the practice before the Patent Office into conformance with the law as developed by Court decisions. In this publication, an example was given which clearly is contrary to the Appellate decision in the present case. The example was stated as follows:

> "An application is filed which discloses the combination AB. Within the priority year a foreign application to the combination AB is filed by applicant and later published. More than one year after the foreign publication, but still during the pendency of the parent United States application, a second United States application is filed by the same inventor which discloses and claims the combination AC and is therefor designated a continuation-in-part application.
>
> Upon examination of the continuation-in-part application, the examiner concludes that C is in fact a known element in the art and that it would be obvious to substitute C for B in the combination AB.
>
> A claim drawn to AC finds no support in the parent case and therefore carries an effective date only as early as the filing of the continuation-in-part application."

As with the *Hazeltine* facts, this example can be directly applied to the present case. The 1965 application disclosed the combination of a conveyer (A) and the vacuum plate gripper for slugs (B), *i.e.*, the combination AB. The 1969

application added the disclosure of the inflatable tube gripper for cut brick (C) to operate in combination with the conveyer, *i.e.* the combination AC. Thus, Claims 2, 3, 12 and 21 of the '495 patent, which are specific to AC, are entitled only to the 1969 filing date. Similarly, in view of *Hazeltine v. Zenith*, because Claim 1 of the '495 patent was drafted to embrace means for a function (inverting cut brick) which is not described in and cannot be performed by the device of the 1965 application, that claim is also entitled only to the 1969 filing date.

4. Practical Implications on the Patent System.

The practical implications of the decision below are of substantial significance to the effectiveness of the patent system as a means for promoting science and the useful arts. Promotion of technology is accomplished when an inventor is protected for a period of time and from competition in promoting the product of his mind. The patent system granting a term of seventeen years of exclusivity is based on this premise. However, the exact opposite result occurs when an inventor is the first to disclose an idea and is later accused of infringement of that idea based on a patent filed at a later time by another. If the present lower court decision were to stand, the stifling effect on technology resulting from earlier filed patent applications would be enormous. Earlier applications would provide a basis for later filings claiming the work of others if what was possible, apparent, or otherwise obvious from the earlier disclosures could be later claimed. Runing the risk of such an event would lead those engaged in creative work to the greatest secrecy, to the detriment of any advance in technology. It would behoove any company engaged in technological work to maintain patent applications on file filled with the greatest of pos-

sibilities. Then continuation-in-part application could always be filed to provide the required full disclosure previously missing in the earlier case.

B. THE FAILURE TO STAY PROCEEDINGS PENDING REEXAMINATION.

The Appellate Court below was requested to stay the appeal pending the outcome of a request for reexamination directed in part to the issue then before the Appellate Court. The procedure for reexamination is brand new, having been initiated July 1, 1981. Consequently, no decisional law concerning the propriety of a stay for reexamination exists. However, the doctrine of primary jurisdiction has long been established and clearly supports the requested stay. The Court of Appeals erred in denying the stay.

1. Primary Jurisdiction.

The principle of primary jurisdiction was treated thoroughly in *United States v. Western Pacific Railroad Company*, 352 U.S. 59, 1 L.Ed.2d 126, 77 S.Ct. 161 (1956). In an action originally brought before the Court of Claims, the Supreme Court determined that the Interstate Commerce Commission was the appropriate forum in which questions regarding the construction of a tariff should first be ruled upon in accordance with the principle of primary jurisdiction. In defining this principle, the court stated at 352 U.S. 63-64:

> " 'Primary jurisdiction,' on the other hand, applies where a claim is originally cognizable in the courts, and comes into play whenever enforcement of the claim requires the resolution of issues which, under a regulatory scheme, have been placed within the special competence of an administrative body; in such a case the judicial process is suspended pending referral of such issues to the administrative body for its views.

General American Tank Car Corp. v. El Dorado Terminal Co., 308 U.S. 422, 433, 84 L.Ed. 361, 370 60 S.Ct. 325."

2. The Patent Office Examination and Reexamination Procedures Are Preemptive.

Applied to the present case, primary jurisdiction clearly exists in the United States Patent and Trademark Office under the new provision for reexamination. The issue which was before the Court of Appeals was the relationship of the '495 patent in suit to the earlier filed '397 patent. Particular application of 35 U.S.C. 120 and 35 U.S.C. 112 were required in applying the factual and legal circumstances there at issue. These questions are best undertaken by the issuing agency, an agency specifically empowered to undertake examination of specifications and claims, and specifically empowered under the recently initiated regulatory scheme to undertake reexamination of specifications and claims.

The expertise of the Patent Office is beyond question in resolving such matters as that presented to the Court of Appeals below. *Choat v. Rome Industries, Inc.*, 480 F.Supp. 387, 390 (N.D. Ga. 1979). The legislative history to the statute creating the new reexamination procedure clearly indicates that the basis for the new procedure is to obtain the expert help of the Patent Office in such matters. In the House Report reported at Congressional Record Volume 126, p. 4 (1980), the history states:

> "A new patent reexamination procedure is needed to permit the owner of a patent to have the validity of his patent tested in the Patent Office where the most expert opinions exist and at a much reduced cost."

Thus the patent laws and procedural requirements thereunder are based on the acknowledged expert and specialized

knowledge of the Patent Office. By necessity, the original examination of the patent application is conducted by the Patent Office and not by the courts. By the present reexamination procedure authorized by Sections 301-307 of Title 35, Congress has extended that examination function to a reexamination of the types of questions best dealt with in the Patent Office—substantive propriety and validity over the prior art. Primary jurisdiction exists in the present case and the Court of Appeals erred in denying a stay pending the outcome of such reexamination.

C. CONCLUSION.

By clever redefinition of the term "slug," the patentee was able to broaden the claims of the '495 patent to include subject matter which had been earlier disclosed by others. These earlier disclosures by others were sufficient to cause the patent owner-plaintiff to admit invalidity if an earlier filing date could not be applied. By the decisions of the courts below, such an earlier filing date was applied in direct conflict with the requirements of disclosure of sections 112 and 120 of Title 35, with the clear holding of the 7th Circuit and with the policy of the Patent and Trademark Office. To resolve conflicts between the circuits and to avoid the probability of a serious anomaly in the patent system under the precedent of the decisions below, the present Petition for Certiorari would be appropriately entertained.

Furthermore, entertainment of the present Petition would allow an early review of significant new legislation regarding a regulatory scheme for handling the questions of patent validity. By not recognizing the presence of primary jurisdiction in this context, the significance of the new scheme to provide testing of patents in the Patent and Trademark Office "where the most expert opinions exist" would be greatly diminished. The effect of the decision below to deny

stay pending reexamination does diminish the newly authorized scheme. Again, entertainment of the present petition is here appropriate and with regard to this latter question, vital to the import of 35 U.S.C. 301-307.

Dated: August 10, 1981.

Respectfully submitted,

JAMES W. GERIAK,
LYON & LYON,
Counsel for Petitioner.

Notice of Judgment.

United States Court of Appeals, for the Fourth Circuit.

February 13, 1981.

TO: J. Donald McCarthy, Esq., James W. Geriak, Esq., William A. Gail, Esq., John F. Pearne, Esq., Dalbert U. Shefte, Esq., William E. Mouzavires, Esq.

Judgment was entered in Case No. 79-1551 this date.

The Court's opinion is enclosed.

Petition for Rehearing (FRAP 40)

Filing Time A petition may be filed within 14 days after judgment. *No extension will be granted save for the most compelling reasons.* Requests based on grounds such as miscalculation of time or a need to consult with others will be peremptorily denied.

Purpose A petition should only be made to direct the Court's attention to one or more of the following situations:

1. A material fact or law overlooked in the decision.
2. A change in the law which occurred after the case was submitted and which was overlooked by the panel.
3. An apparent conflict with another decision of the Court which is not addressed in the opinion.

The filing of a Petition in order merely to reargue the case is an abuse of the privilege.

Statement of Counsel A petition shall contain an introduction stating that, in counsel's judgment, one or more of the situations exist as described in the above "Purpose Section". The points to be raised shall be succinctly listed in the statement. Lacking such a statement, the petition will be returned to counsel without filing.

Form The 15 page limit allowed by the Rule shall be observed. The Court requires 15 copies of the petition; however, a pro se party who is indigent may file the original only.

Bill of Costs (FRAP 39)

Filing Time A party to whom costs are allowed, who desires taxation of costs, shall file a bill of costs within 14 days after judgment.

Mandate (FRAP 41)

Issuance Time The mandate is issued 21 days after judgment. A timely petition for rehearing will stay the issuance. If the petition is denied, the mandate will issue 7 days later. If a stay of mandate is sought, only the original of a motion need be filed.

WILLIAM K. SLATE, II
CLERK

Opinion of the Court of Appeals.

United States Court of Appeals, for the Fourth Circuit, No. 79-1551.

AMI Industries, Incorporated, Appellee, v. EA Industries, Incorporated, Appellant.

Appeal from the United States District Court for the Western District of North Carolina, at Asheville. Woodrow Wilson Jones, District Judge.

Argued: April 10, 1980, Decided: February 13, 1981.

Before WIDENER and SPROUSE, Circuit Judges, and HOUCK*, District Judge.

James W. Geriak (John D. McConaghy, J. Donald McCarthy, William E. Mouzavires, Lyon & Lyon on brief) for Appellant; John F. Pearne (W. A. Gail, Pearne, Gordon, Sessions, McCoy & Granger on brief) for Appellee.

WIDENER, Circuit Judge:

The Appellant, EA Industries, Inc., (EA) defendant below, appeals from a judgment of patent infringement in favor of AMI Industries, Inc., (AMI). AMI alleged that EA had infringed two of its patents, Nos. 3,589,495 (the '495 patent) and 3,716,264 (the '264 patent) used in the manufacturing of brick. EA defended and counterclaimed on both invalidity and noninfringement grounds. The district court entered judgment a favor of AMI in all respects after a trial on the merits. We affirm.

The patents in question are used in the automated production of brick. The '495 patent, filed in 1969, is a continuation-in-part of Patent No. 3,478,397 filed in 1965. The '495 patent is an inverter-stacker which is used to invert or stack, either or both, one green clay slug on another. After green clay is cut from a column and moved down a

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*Honorable C. Weston Houck, United States District Judge for the District of South Carolina, sitting by designation.

conveyor, the inverter-stacker picks up a slug of clay (it may or may not invert it) and stacks it onto the next slug of clay. The stacked clay is then moved down a conveyor, cut and sent into the kiln for firing. The '495 patent also contemplates that the clay could be cut before it is stacked by the inverter-stacker. The patented device has two embodiments, one making use of a vacuum inverter and the other using inflatable grippers. The '397 patent only disclosed the vacuum inverter embodiment.

EA raises several claims of error as to the validity and enforceability of the '495 patent, the primary claim dealing with the district court's decision that the '495 patent was entitled to the benefit of the earlier filing date of the '397 patent pursuant to 35 U.S.C. §120.[1] EA contends that the '397 patent could not handle slugs that had been cut into brick size and therefore the '495 patent could not have the benefit of the earlier filing date. The district court, however, found as a fact that the '397 device was capable of handling cut brick. Such a finding is not clearly erroneous. A review of the record reveals no error in the district court's application of §120. Nor do we find merit in any of EA's other claims as to the patent in question. Therefore, as to the validity and enforceability of the '495 patent, we affirm for reasons sufficiently expressed by the district court in its

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[1]35 U.S.C. §120 provides:

> An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

detailed opinion. The finding of the district court that the '495 patent was infringed is not contested.

The '264 patent, called a setting head, is used to pick up a multitude of cut green brick and move them to a kiln car for subsequent firing of the brick after the car moves into the kiln. The '264 patent makes use of inflatable gripping members folded around internal frame members which penetrate between rows of stacked brick. The gripping members are inflated, thereby enabling many rows of bricks to be picked up at one time. The bricks are moved onto the kiln car where the inflatable members are deflated which allows the grippers to be removed from between the rows of brick.

Claim one of the '264 patent describes a "gripper frame comprising a plurality of spaced and parallel gripper assemblies, each assembly including a horizontally extending elongated frame member, a sheet of flexible material folded around the bottom edge of said frame member and supported along its entire length at the top edge of said frame member, said frame member cooperating with said sheet to form at least part of a pressure chamber where the sheet forms opposite sidewalls, pressure control means to pressurize and exhaust said chambers whereby both sidewalls of at least some of said assemblies move laterally apart when the chambers are pressurized toward and (sic) adjacent assembly to engage and grip an article on each side of such assemblies, said sidewalls returning to their initial position releasing such article when the pressure chambers are exhausted."

EA's accused device makes use of a bar or rod in the bottom of inflatable bags to be inserted between the rows of brick. These air bags usually are separated by boards so that the bags and boards alternate, but need not be. The bags and boards are mounted so that they move laterally relative to one another. The lateral movement is needed

because of the "overspread" of the brick. Overspread is the moving of the rows of brick initially so that the space between the rows is greater than is ultimately required for sending the bricks to be fired. The bricks are placed in the overspread position and the inflatable bags and boards are lowered between the rows. The rows of brick are then returned to their initial position, the bags are inflated and the bricks become clamped by the bags and boards. They are then picked up and placed on the kiln car whereupon the bags are deflated which enables the dislodging of the grippers.

EA challenges the district court's findings both as to validity of the '264 patent and as to infringement. EA contends that '264 is invalid because of anticipation under 35 U.S.C. §102[2] and obviousness under 35 U.S.C. §103.[3] The prior art, especially patents referred to as Frost[4] and Belgian[5] patents, are claimed to invalidate the '264 patent.

The Frost patent consists of a multitude of cylindrical bags around post inserts designed to pick randomly located fruit from a tree or from a box. Three bags are normally necessary to pick or pick up one piece of fruit, although

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[2]35 U.S.C. §102 provides in part:

A person shall be entitled to a patent unless — (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, . . .

[3]35 U.S.C. §103 provides:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

[4]U.S. Patent 3,347,587

[5]Belgian Patent 539,465

four may be required. The post inserts surround the piece of fruit to be picked or picked up, and inflation of the bag engages the fruit. There is no evidence in the record that this device has ever been used. Isenhour, EA's expert witness, identified the Frost patent as the most relevant prior art. He testified, however, that the Frost patent did not disclose a horizontally extending frame member, bags formed by flexible material in sheet form, flexible sheet material folded around the bottom edge of an internal frame member, and an inflatable bag having long, flat opposite sidewalls. EA claims that the Frost patent anticipated the '264 patent since it used a post inserted into an inflatable bag. Thus, it argues the only changes made by the '264 were dictated by the shape of the item to be picked up. AMI claims, however, that the '264 uses a frame member in connection with a flexible bag to create a new function, enabling grippers to be slipped into narrow spaces between stacked brick and thus enabling large amounts of brick to be picked up by relatively few grippers.

The district court found that the Frost patent did not anticipate patent '264 because of the omitted disclosures discussed in the paragraph just above which it held to be important elements of the claimed structure necessary to achieve its intended results. This finding, largely factual, is not clearly erroneous.

Similarly, it found the Belgian patent, consisting of inflatable bags used to lift brick, opined by EA's expert to be less relevant than the Frost patent, failed to disclose any frame member in the inflatable bags employed in that device, having also decided a disputed translation in favor of the plaintiff. These findings also are not clearly erroneous.

We are thus of opinion that patent '264 was not anticipated by the Frost or Belgian patents.[6] The other claims of anticipation and obviousness we think are sufficiently covered by the opinion of the district court, and we think they are without merit. Its application of *Graham v. John Deere Co.*, 383 U.S. 1 (1966) contains no reversible error.

We also think that the district court in its opinion correctly found the '264 patent was infringed, and that the other claims of error are without merit.

Accordingly, the judgment of the district court is affirmed.

AFFIRMED.

[UNPUBLISHED]

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[6]EA acknowledges in its brief that the Belgian patent does not anticipate patent '264, but maintains that '264 is obvious in view of it. Because EA depends on other patents for prior art its anticipation and obviousness arguments are, of course, quite similar.

Order.

United States Court of Appeals, for the Fourth Circuit. No. 79-1551.

AMI Industries, Inc., Appellee, v. EA Industries, Inc., Appellant.

Filed April 20, 1981.

On April 13, 1981, EA Industries, Inc. filed its motion to stay the ongoing proceedings in this case.

On April 15, 1981, the office of the clerk of this court inadvertently filed an order denying rehearing in the case, such having previously been transmitted to the clerk's office by the court and received by the said clerk's office on April 15, 1981.

On April 16, 1981, it came to the attention of the court that it had filed its said order of April 15, 1981 without considering the said motion of EA Industries, Inc. which had been forwarded to the court by the clerk on April 15, 1981. Nevertheless, the said order of April 15, 1981 has been filed and is in effect unless vacated.

In order that no prejudice be done to either party in this proceeding, we consider the motion to stay the proceedings filed by EA Industries, Inc., April 13, 1981, as a motion to reconsider our order denying rehearing, as well as a motion to stay the said proceedings.

We will reconsider the entire matter upon receipt of a response to the said motion to stay filed April 13, 1981 and will enter such additional order as then may be appropriate.

With the concurrence of Judge Sprouse.

/s/ H. Widener
For the Court

Order.

United States Court of Appeals, for the Fourth Circuit, No. 79-1551.

AMI Industries, Inc., Appellee, v. EA Industries, Inc., Appellant.

Filed April 15, 1981.

We have considered the petition for rehearing and are of opinion it is without merit.

It is accordingly ADJUDGED and ORDERED that the petition for rehearing shall be, and it hereby is, denied.

With the concurrences of Judge Sprouse and Judge Houck.

/s/ H. Widener
For the Court

Order.

United States Court of Appeals, for the Fourth Circuit, No. 79-1551.

AMI Industries, Inc., Appellee, v. EA Industries, Inc., Appellant.

Filed May 12, 1981.

We have considered the papers filed in this proceeding by EA Industries on April 13, 1981 not only as a motion to stay these proceedings as the papers were described on their face, but also as a motion to reconsider our order denying rehearing in this case.

We are of opinion, whether the papers be treated as a motion to stay the proceedings or as a motion to reconsider our order denying rehearing, that they are without merit.

It is accordingly ADJUDGED and ORDERED that the motion to stay as well as the motion to reconsider shall be, and they hereby are, denied.

With the concurrences of Judge Sprouse and Judge Houck.

/s/ H. Widener,
For the Court

Judgment.

In the District Court of the United States for the Western District of North Carolina, Asheville Division, A-C-77-87.

AMI Industries, Inc., Plaintiff, vs. EA Industries, Incorporated, Defendant.

Filed May 25, 1979.

This action was tried by the Court and the issues determined as will appear in the findings and conclusions duly adopted and entered on the 3rd day of May, 1979. It is now ORDERED, ADJUDGED AND DECREED that:

1. The Plaintiff is the owner of the entire right, title and interest in and to the United States Letters Patent in suit No. 3,589,495 granted June 29, 1971 and No. 3,716,264 granted February 13, 1973, and has the right to maintain this action for patent infringement.

2. Claims 1, 2, 3, 12 and 21 of Patent No. 3,589,495 are valid and enforceable.

3. Claims 1-7, inclusive of Patent No. 3,716,264 are valid and enforceable.

4. The Defendant has infringed each of Claims 1, 2, 3, 12 and 21 of Patent No. 3,589,495 by making, using or selling machines, including inverters-stackers or facers exemplified by Plaintiff's Exhibit No. 87

5. The Defendant has infringed each of Claims 1-7, inclusive of Patent No. 3,716,264 by making, using or selling machines including setting heads exemplified by the Plaintiff's Exhibits Nos. 92, 93, 97 and 103A.

6. The Plaintiff is not guilty of laches in its enforcement of Patent No. 3,589,495.

7. The Defendant's first and only remaining counterclaim to the original and supplemental complaint is dismissed on the merits.

8. An accounting shall be conducted in this cause to determine the damages the Plaintiff has sustained by reason of the Defendant's infringement of Patents Nos. 3,589,495 and 3,716,264, such damages to be not less than a reasonable royalty together with interest and costs to be fixed by the Court.

9. The Defendant EA Industries, Incorporated, its officers, agents, servants, employees, and those persons in active concert or participation with it are hereby enjoined and restrained during the term of Patent No. 3,589,495 from making, using, or selling inverter-stackers or facers exemplified by Plaintiff's Exhibit No. 87, and from otherwise infringing Claims 1, 2, 3, 12, and 21 of said Patent No. 3,589,495.

10. The Defendant EA Industries, Incorporated, its officers, agents, servants, employees, and those persons in active concert or participation with it, are hereby enjoined and restrained during the term of Patent No. 3,716,264 from making, using, or selling setter heads exemplified by Plaintiff's Exhibits Nos. 92, 93, 97, and 103A and from otherwise infringing Claims 1-7, inclusive, of said Patent No. 3,716,264.

This Judgment is final except for the accounting ordered herein.

This the 23rd day of May, 1979.

/s/ Woodrow W. Jones
Chief Judge

Memorandum of Decision.

In the District Court of the United States for the Western District of North Carolina, Asheville Division, A-C-77-87.

AMI Industries, Inc., Plaintiff, vs. EA Industries, Incorporated, Defendant.

Filed May 3, 1979

This civil action was brought by the Plaintiff, AMI Industries, Inc. against the Defendant, EA Industries, Incorporated for infringement of two United States Patents Nos. 3,589,495 ('495 patent) and 3,716,264 ('264 patent). The Plaintiff contends that the Defendant infringed claims 1, 2, 3, 12 and 21 of the '495 patent and claims 1-7 of the '264 patent. The Defendant counterclaimed under the Declaratory Judgment Act, 28 U.S.C.A. 2201 and 2202, for declarations of invalidity and non-infringement of all claims of both patents in suit and also of a related parent patent No. 3,478,397 ('397 patent), from which the two patents in question stemmed. The counterclaim for a declaratory judgment concerning the '397 patent was dismissed by the Court for lack of a justiciable controversy. The Defendant charged the Plaintiff with (1) fraud or inequitable conduct in failing to call relevant prior art to the attention of the United States Patent and Trademark Office, (2) unclean hands in connection with filing and maintaining this action, and (3) laches as to the '495 patent.

The Defendant also counterclaimed for unfair competition, injunctive relief and interference with contractual relations and with the formation of contracts. These counterclaims contained in the Defendant's third, fourth, fifth and sixth counterclaims were dismissed without prejudice by stipulations of the parties prior to trial.

The issue were tried without a jury at the March 1979 term in Asheville and the Court now enters its findings and conclusions.

1. The Plaintiff, AMI Industries, Inc. (formerly Aircraft Mechanics, Inc.) is a Colorado corporation with its principal place of business in Colorado Springs, Colorado and is the successor in interest to the Pearne and lacy Machine Company, which was the original assignee of the patents in suit. The Defendant, EA Industries, Incorporated is a North Carolina corporation with its principal office located in Arden, North Carolina. Both companies are engaged in the business of the manufacture and sale of machinery for the brick and other industry.

2. The patents in suit relate primarily to machinery for the brick industry and more particularly, to machinery for handling extruded, unfired brick material between the extruder and a kiln car on which individual brick are stacked for firing in a kiln.

3. The '495 patent in suit is for an "inverter-stacker" or "facer" which may be used to invert and stack one elongated uncut green clay slug on another as the slugs are cut from a column emerging from an extruder and move along a conveyor. As disclosed in the patent, this may be done prior to cutting the elongated slugs into individual bricks, or after first cutting the extruded column of clay into rows of contiguous brick. In the latter case, according to the patent, the rows of contiguous brick are handled as a slug or unit during the inverting and stacking operation.

4. The '264 patent in suit is for what is called a "setting head," disclosed in the patent for use in picking up a multiplicity of green brick in an array or pattern of prearranged, closely spaced, long rows, the brick in each such row being disposed in contiguous end-to-end relationship. As pre-

sented to the setting head, the parallel rows of green brick are separated to permit spaced, parallel, inflatable gripping members on the head to be inserted between at least some of the rows and, after inflation, to grip the sides of all of the brick next to the gripping members. In that manner all of the brick in the multiplicity of rows can be picked up at one time. The setting head then travels over a kiln car and is lowered to place the entire array of rows of green brick on the kiln car by deflating the gripping members to release the brick. The setting head is rotatable 90 degrees back and forth about a vertical axis during travel to and from the kiln car so that successive layers of spaced, parallel, two-high rows of green brick may be deposited one upon another in crisscrossing layers to produce a stable stack of green brick on the kiln car. The spaces between the rows of brick facilitate preliminary drying and subsequent firing of the brick as the kiln car moves through the kiln.

5. When the green brick, before being marshalled for setting, have been faced in one or the other of the two ways disclosed in the '495 patent (i.e., before or after being cut from slugs), the subsequent marshalling step arranges them two-high in the spaced rows for handling by the setting head of the '264 patent as described above, thus doubling the number of bricks handled per cycle of the setting head.

STATE OF THE ART, THE NEED, AND PRIOR EFFORTS AND FAILURES PRIOR TO THE INVENTIONS OF THE PATENTS IN SUIT

6. Prior to the inventions set forth in the patents in suit very little progress had been made by machinery manufacturers toward automated brick handling machinery. Prior to these inventions the green clay column emerging from an extruder, after being automatically cut into individual brick, was commonly loaded by hand, (called hacking) onto

kiln cars in the desired pattern for drying and for subsequent firing as the cars moved through a kiln. United States prior art patents disclosed automated systems for eliminating such arduous hand labor but, so far as is shown by the record, had never been used. Examples of record are Fontaine U. S. Patent, 2,710,696 and Segur et al U. S. Patent 2,995,177.

7. The only evidence of the mechanical setting of brick in the United States prior to the inventions of the patents in suit was of a 1960 use in Kansas City of a device depicted in photographs marked as Defendant's Exhibit 62, taken by the Defendant's expert witness, Tait. That device, which is also disclosed in U. S. Patent No. 3,161,431 to Francis, Defendant's Exhibit 16, included a frame for gripping the sides of brick arranged end-to-end in rows. The brick were gripped and released by hand-controlled, pneumatically powered pressure plates mounted in the frame. The frame was suspended for manual turning to invert it, and for raising and lowering by an air cylinder having a manual control, and for manual pushing along an overhead track from a pick-up location to a different delivery location. Mr. Tait confirmed the manual operation of the device and was unable to point to anything in the Francis patent suggesting any other way of using the device. Transcript 661-671.

8. A machine publicized as "The World's First Automatic Plant," Defendant's Exhibits 172 and 297, was built and reportedly installed and operated in Australia during 1962 and 1963 by Woodfield Bennett, Ld. of England. However, there is no admissible evidence that the plant was successful in meeting the needs of the Australian brick industry, or that it remotely resembled the inventions of the patents in suit, or that any similar plant was ever built anywhere.

9. After years of building and selling automated machinery for manufacturing clay sewer pipe, Pearne and Lacy Machine Company undertook to develop a line of automatic machinery for the brick industry. On September 21, 1963, Frank S. Pearne, one of the joint inventors of the patents in suit and president of Pearne and Lacy Machine Company, presented a paper to the Structural Clay Products Division of the American Ceramic Society at a meeting in Denver, Colorado. That paper dealt with past and future developments in automating the heavy clay industry. In that paper, Mr. Pearne proposed a system for the automatic forming, facing and setting of green clay brick on a kiln car for drying and subsequent firing. He was an active inventor in the ceramic machinery business and had obtained several patents prior to the issuance of the patents in suit. Because of his company's success in the automating the production of clay sewer pipe, he thought he would be capable of doing the same thing for the brick industry, and the purpose of his paper was to present ideas to start the industry thinking along that line. Soon realizing that what had been presented in the 1963 paper was too complicated and that he was on the wrong track, Mr. Pearne and his company began to develop what later culminated in the invention of the '397 patent and the two patents in suit.

10. On October 28, 1963, a group of representatives of brick manufacturers and brick machinery manufacturers, including Robert E. Jones, president of the Defendant company assembled at a meeting at Boren Clay Products in Pleasant Garden, North Carolina, "to further study the feasibility of" an automated brick plant. Transcript 488-490. As set forth in a report of that meeting and in attached minutes of the meeting, Defendant's Exhibit 366, a proposal under discussion involved a system for setting bricks on their ends on a kiln car, rather than on their edges in multiple

layers according to the patents in suit. Pearne and Lacy Machine Company and another company were referred to in the minutes as having already made firm offers to build the proposed machine. The evidence at trial disclosed nothing as to how the proposed machine would be constructed had it been ordered or that it was ever actually designed or built. The status of the brick making industry in the United States was summarized by Mr. Jones as appears by the minutes (page 4):

> "Our progress in brick-making equipment has been slow and conforms to no set pattern. Very little contribution has been made to the industry by the machinery manufacturers. It is felt that our manufacturers should do much the same as the German manufactureres [sic] have done and sell the brick manufacturers a process already worked out and producing. This method seemed to be a good possible way of the actual putting together the parts of an automated plant."

11. At some uncertain time in the early 1960s, Bason and Sons, Ltd. of England, developed and installed one or more machines abroad for automatically setting green brick on kiln cars by using a setting head having individual vacuum pads for engaging the tops of the bricks in a single-layer array of bricks, picking up the bricks in the array by vacuum, and depositing them on a pallet for drying or on a kiln car by cutting off the vacuum. Mr. Pearne saw such a machine in England in December of 1964 while the machines of the '397 patent and the patents in suit were still being developed at Pearne and Lacy Machine Company. Transcript 1122-1125. Mr. Jones saw a similar machine on one or more of his several visits to England in 1964. Transcript 491-498.

12. A brochure or catalog, Defendant's Exhibit 180, disclosing another machine developed by Bason and Sons,

Ltd. (also disclosed in British Patent, Defendant's Exhibit 24 and U. S. Patent, Defendant's Exhibit 23) was brought back to the United States by Mr. Jones in 1964. It also disclosed a vacuum head setting machine, with an added provision for inverting a one-brick high array of bricks so that the bricks could be faced on a kiln car by alternately setting uninverted arrays and inverted arrays, each one brick high. The evidence is that a machine using that kind of an inverter was first assembled in the United States some time in 1965, or soon thereafter, at a plant of Kelsey Ferguson Brick Co., but that it was never operated commercially. Transcript 688.

13. As a result of visits abroad of Mr. Pearne, Mr. Jones and others and the publication of trade journal articles in the United States relative to brick plants abroad much of what had been done abroad in automating brick plants was known in this country. To the extent that such knowledge was proved at the trial, it should be a part of what is considered as representing the level of skill in the art as of August 11, 1965, when application for the '397 parent patent was filed, and such knowledge has been so considered by the Court.

14. The foregoing numbered findings 6 through 13 regarding brick setting machine development prior to and more or less contemporaneously with the development of the inventions of the patents in suit, together with various prior art patents (many for inventions that were never used as far as shown by the evidence) constitute the undisputed background against which the inventions of the patents in suit must be viewed. It is clear from such facts that there had been a long-felt need for automating the brick setting operations in the United States, that many had tried unsuccessfully to satisfy that need, and that there was a sense of urgency to do so among the leaders in the industry.

THE INVENTIONS OF THE PATENTS IN SUIT AND THEIR COMMERCIAL SUCCESS

15. The '397 patent was granted on an application filed in the Patent Office on August 11, 1965. The claims as granted covered the combination of several components of the completed machine disclosed in the patent. On August 18, 1969, during the pendency of the application for the '397 parent patent, the application for the '495 patent was filed in the Patent Office as a continuation-in-part of the '397 parent patent. The specifications and drawings of the application for the '495 patent referred to and included all of the substance of the disclosure of the '397 parent patent.

16. The '495 patent is directed to a facing system consisting of a combination of conveyor means and an inverter-stacker. One type of inverter-stacker useful in the facing system is disclosed in detail in Fig. 2 of both patents, which inverter-stacker was shown and described as handling extruded slugs prior to cutting the slugs into individual brick. Alternate uncut slugs fed to that inverter-stacker were gripped one at a time as they arrived at a stacking position on the conveyor by pushing them laterally onto a vacuum plate. The slug was inverted by rotation of the vacuum plate and deposited on the next following slug arriving at the stacking position. That inverter-stacker called the "vacuum inverter," was not described in either the '397 patent or the '495 patent as being adopted to similarly handled slugs that had already been cut into individual brick, and its ability to do so is an issue in this case. In addition, for the first time the application for the '495 patent in suit disclosed a second inverter-stacker embodiment for handling slugs that had already been cut into individual brick and also explained how this second inverter-stacker embodiment would be operated for handling uncut slugs. The specification of the '495 patent, in describing the second inverter-stacker em-

bodiment, used the term "slug" as a broad term embracing within its meaning both uncut and cut slugs, first describing this embodiment as handling "groups or slugs 204 consisting of a plurality of bricks 206" and thereafter as a "cut slug of bricks" or a "slug of bricks." [Col. 10, line 11 to Col. 12, line 40] In describing how this embodiment would be modified for use to handle slugs that had not been cut, the '495 patent referred to such slugs as "uncut slugs." [Col. 12, line 41-49]

17. Both embodiments of the inverter-stackers disclosed in the '495 patent operate during each cycle to handle a large amount of unfired green clay brick material. This enables the machine to have a high output while operating with slow and easy movements resulting in a minimum amount of wear and tear on the equipment. Further, both embodiments use a single gate or positioning mechanism to first locate the slug which is to be inverted and then to locate the subsequent slug in the same position, which is also the position on which the inverted slug is deposited. This use of a single stop mechanism to fix both the pickup position for the slug to be inverted and the stacking position to which it returns and to which the subsequent slug is also delivered ensures accuracy of alignment of the two slugs when the first one is deposited on the subsequent one at that position. This inverting and then stacking two-high before reaching the setting head permits the setting head to handle two accurately aligned layers during each of its cycles of operation. When handling two-high brick arrays, the setter head can operate at one-half the speed required to handle one-high brick arrays with the same production rate.

18. The claims 1, 2, 3, 12 and 21 in suit of the '495 patent are directed to the inverter-stacker and define it in part by reference to its ability to handle "slugs," which term, as thus used in the claims, has a broad connotation

applicable to both cut and uncut slugs. The Defendant's patent expert, Mr. Donald R. Dunner acknowledges such fact, Transcript 1264, and Plaintiff's patent expert, Mr. Lowell L. Heinke agreed. Transcript 396.

19. After a requirement for restriction with respect to the application for the '495 patent, the application for the '264 patent in suit was filed March 8, 1971, prior to the grant of the '495 patent. It repeated all of the substance of the disclosure of the '397 patent and of the '495 patent. The gripper assembly of the '264 patent includes, in combination, a sheet of flexible material and a locating and shaping frame which cooperate to provide each of the spaced, parallel grippers with two opposed side walls which can be positioned in a space as narrow as ¾ inch and as long as 18 feet between adjacent rows of brick. On inflation, each of the two side walls moves outwardly into engagement with and grips a row of brick. The structure is of the utmost simplicity and does not require a lot of mechanical moving parts that are required by other setter heads, such as the end grip machine, thereby affording the advantages of high reliability and low maintenance. Equally important, the gripper assemblies operate with low pressure to grip the brick and cannot harm or misshape the brick. With multiple grippers on the setter head, such head can pick up a greater number of brick at one time so that the machine can operate at a very slow rate while maintaining a high production rate. As testified by Mr. John H. Isenhour, one of Defendant's expert witnesses, there isn't anything else available, other than Defendant's machines charged as infringements, that has the flexibility and capacity of the Dinosaur.

20. Pearne and Lacy Machine Company first sold an automatic setting machine as disclosed in the '397 patent and the two patents in suit in 1965, and it was installed for Midland Brick Company, Chillicothe, Missouri. It was in

full operation in early 1966 and was described in the April 1966 issue of *Brick & Clay Record* as the "World's First Mechanical Face Setting at Midland Brick." It was called the "Dinosaur" or "Dino" and machines of that type as subsequent made by Pearne and Lacy and the Plaintiff have been known by those names in the industry. Since that time the business of the Pearne and Lacy Machine Company has gradually shifted from the field of clay sewer pipe machinery to the field of brick machinery. By about 1970, brick machinery had become a heavily dominant part of the business of the Pearne and Lacy Division of the Plaintiff and, by 1973, the total dollar sales of all products (about 70 per cent brick machinery) had more than doubled. Transcript 176-179. At the time of the trial the Plaintiff had sold 86 such Dimosaurs, and foreign licensees had sold 26 more such machines.

21. Of the total of 112 air bag gripper setting machines sold by Plaintiff and its foreign licensees, about 27 or 28 were supplied with vacuum inverters like the one shown in Fig. 2 of the '495 patent, and the rest were supplied with inverter-stackers like the one shown in Fig. 15 of that patent. Transcript 97-101. From the beginning, no significant departure was made by Plaintiff from the original design of either the vacuum inverter of Fig. 2 or the clamping type inverter of Fig. 15 of the patent. Similarly, from the beginning, no significant departure was made by the Plaintiff from the original design of the air bag gripper as shown and described in the '264 patent in suit, except only for changing to the non-stretchable air bag material to obtain longer wear in service and adding a source of vacuum to assist in deflating the non-stretchable bags. The present-day costs of such setting machines would range from $150,000.00 to $240,000.00, depending upon the size.

22. In 1965 the Paschal Machinery Company of Siler City, North Carolina was granted a license by Bason and Sons, Ltd. of England to manufacture and sell Bason-type brick setting equipment in the United States. Under an arrangement with the Defendant these machines were manufactured by the Defendant and sold by Paschal. These machines were manufactured generally in accordance with Bason's vacuum setting machine designs and patents. *Jones*, Transcript 492-3; 499-500; *Milholen*, Transcript 294-7. The first such machine was sold to and installed at Globe Brick Co., in Newell, West Virginia in 1966, and a number of additional similar machines were thereafter built for Globe and others during the period 1966 to 1969, but none have been built since.

23. Prior to 1969, a German concern known as Lingl started manufacturing and selling end grip setting machines and by about 1969, a U. S. Lingl Corporation was selling such machines in the United States. Machines of that type are disclosed in a Lingl U. S. Patent No. 3,468,998 (filing date in 1966), Defendant's Exhibit 14, and in a chart used at trial, Defendant's Exhibit 35. The Defendant and Paschal soon followed suit, again using a design developed by Bason (U. S. Patent No. 3,480,161, Defendant's Exhibit 9). Both Lingl's and Defendant's end grip machines were fed with rows of stacked or faced brick by an inverter-stacker (Defendant's being different from Lingl's) that handled rows of abutting bricks as a unit or slug. The stacked rows of faced brick moved from the inverter-stacker to a marshalling table, where they were picked up by tong-type grippers that gripped the ends of short rows of brick and placed the rows on a kiln car. Such a system built by the Defendant was installed at Triangle Brick Co., near Raleigh, North Carolina, shortly after the first of 1969. The evidence is not clear as to whether the inverter-stacker of that machine ever

operated satisfactorily as originally constructed, but Mr. Jones testified that the Defendant had built and sold 20 such machines which presumably did operate successfully. Transcript 530. They are the kind of inverter-stacker accused by Plaintiff as infringements of the '495 patent in suit and were constructed as shown in a chart marked as Plaintiff's Exhibit 87. In due course, the Defendant built for Sanford Brick Company a brick setting machine that included an accused inverter-stacker like those previously made by the Defendant as shown on Plaintiff's Exhibit 87, for facing rows of abutting brick, emerging from a slug cutter, a spread table for spreading the rows of stacked and faced brick, and an air bag type of setting head for setting the separated rows of stacked and faced brick on a kiln car. The setting head of that machine, depicted in Plaintiff's Exhibit 93 and the chart designated as Plaintiff's Exhibit 92, and subsequent similar setting heads built by Defendant for Payne Brick, Plaintiff's Exhibit 103A and Interstate Brick, Plaintiff's Exhibit 97 are charged by Plaintiff to infringe the '264 setting head patent in suit. Transcript 787. (The inverter-stackers of those machines are among those charged as infringments of the '495 inverter-stacker patent in suit.)

24. There is little dispute that the Dinosaur machines embodying the inventions of the patents in suit and the Defendant's machines accused as infringing those patents have become increasingly popular to the point that, since the first of 1978, they have practically preempted the brick setting machine market. Both Mr. Guzzetta, vice-president of Pearne and Lacy Division of Plaintiff and Plaintiff's technical expert, Mr. Milholen, testified that they knew of only one end grip machine having been sold in the United States since the first of 1978. Transcript 165. Mr. Milholen testified that a few of the vacuum type setting machines were sold in the United States only up to about 1969, and

that sales of end grip type machines began to decline about 1975 as larger kilns and kiln cars came into use requiring larger setting heads for efficiently loading the larger kiln cars. Both Mr. Milholen and Mr. Guzzetta testified that the mechanical complexity of the end grip setting heads made it difficult and expensive to increase their size accordingly, while the air bag side grip setting heads of the '264 patent are so constructed that they can readily be and have been successfully designed to meet the demands of the larger kilns and kiln cars. As a result, they have replaced five or six end grip machines in the United States. Transcript 94-95. Even Defendant's technical expert, Mr. Isenhour, acknowledged the superiority of the Dinosaur in that respect.

25. In contrast with the sale of only one end grip machine in the United States since the first of 1978, the Plaintiff has sold eight Dinosaurs, and the Defendant has sold about five machines accused as infringements of the patents in suit during the same period of time. Transcript 165-167. Adding to the weight of the evidence as to the intrinsic merit and commercial success of the inventions of the patents in suit is the fact that Lingl Corporation has recently applied to the Plaintiff for a license under Plaintiff's patents to market air bag type setting heads, Transcript 174-176, and a Clarkesville Machine Co. (one of only two other competitors of Plaintiff and Defendant in the U. S. market mentioned in the course of the trial) has recently sold a setting machine that is to have an air bag gripping system. Transcript 758, 1015. The evidence of the commercial success of the machines of the patents in suit and the accused infringing machines and their displacement of other types of machines in the U. S. marketplace is uncontradicted. There is no evidence that such commercial success is attributable to anything but the intrinsic merit of the inventions of the patents in suit.

26. The record does not support the Plaintiff's claim that the '495 patent and the '264 patent represent pioneer inventions. The evidence shows that many others had entered the field before Pearne, such as Francis, Bason, Lingl, Frost, Schmidt and the Belgium patents. Bason used vacuum to grip cut brick as early as 1961 and adopted the use of a frame with an inflatable tube gripper to handle cut green brick as early as 1965 and Francis did the same as early as 1962. While the Pearne inventions made substantial changes in the automation of the brick industry they did not provide functions never before performed.

VALIDITY AND INFRINGEMENT OF THE '495 PATENT IN SUIT

27. Claim 1 of the '495 patent is directed to a machine for handling "slugs of unfired brick material." As used in this patent, it is clear that the term "slug" was intended to be a broad term applicable both to an uncut slug and to a slug after being cut into individual abutting brick. The claim defines the machine as comprising the combination of "conveyor means" for sequentially moving slugs to a stacking position, gripper means for gripping substantially the entire length of a first slug delivered to "said stacking position by said conveyor means" and for inverting, positioning, and releasing it onto a "subsequent slug at" said stacking position, said conveyor means operating to move the stacked slugs out of "said stacking position." The "gripper means" is further defined as including a supporting frame and a gripper assembly rotatable with respect thereto for turning a gripped slug through substantially 180 degrees before positioning it on the subsequent slug. Dependent claim 2 is directed to the machine of claim 1, with the gripper being "operable to individually grip each brick." Taking the position that the vacuum inverter of Fig. 2, as

well as the clamping inverter of Fig. 15, is capable of handling slugs whether cut or uncut, Plaintiff asserts that these claims 1 and 2 apply to both of the disclosed inverter-stackers. Defendant asserts that the vacuum inverter of Fig. 2 is not capable of handling cut slugs and, therefore, that claims 1 and 2 apply only to the clamping inverter of Fig. 15. Dependent claims 3, 12 and 21 are all dependent, directly or indirectly on claim 1 and, therefore, are narrower claims within the scope of claim 1. They are narrower because they set forth details of the clamping inverter of Fig. 15 that are not present in the vacuum inverter of Fig. 2.

THE PRIOR ART

28. The alleged prior art asserted against the '495 patent comprises two categories of art involving different legal issues. The art in *category 1* is that which would have been available against the '397 parent patent and, therefore, is also available against the '495 patent filed August 18, 1969. The art in *category 2* consists of Plaintiff's own public uses and publications of the inverter-stacker invention of the '495 patent (all occurring less than one year before the '397 parent patent filing date), Plaintiff's own foreign patents, and certain patents and public uses of others that antedated the August 18, 1969 filing date of the '495 patent but not the August 11, 1965 filing date of the '397 parent patent. The only prior art in *category 1* that was related to the '495 patent by testimony or other evidence presented at the trial consists of Francis, U. S. Patent No. 3,161,341, Segur et al, U. S. Patent No. 2,955,717, a public use of apparatus like that disclosed in the Francis patent in Kansas City in 1960, Transcript 554-557, and an inverter-stacker included in the setting machine of plates 28 and 29 disclosed by Frank S. Pearne in his 1963 paper, Defendant's Exhibit 20. The Defendant depicted the devices of the Francis and Segur

patents in charts designated as Defendant's Exhibits 35A and 35C. Defendant's expert witness, Mr. William G. Tait testified regarding the charts, the public use in Kansas City in 1960 and about the inverter-stacker as disclosed by Mr. Pearne in his paper in 1963. The art in *category 2* consists of Lingl, U. S. Patent No. 3,468,998 also depicted in a chart, Defendant's Exhibit 35B about which Mr. Tait testified, Bason, U. S. Patent No. 3,480,161 (filed in the U. S., April 11, 1968), a public use at Triangle Brick Company some time in 1969 of substantially the same device shown in the Bason patent, Plaintiff's British and Australian patents having disclosures identical to the '397 parent patent, (both granted prior to August 18, 1969), Plaintiff's own sales of vacuum inverters like Fig. 2 of the '397 parent patent and public uses thereof, (both beginning less than one year prior to the '397 patent filing date), and other items essentially cumulative with the foregoing.

29. Considering, first, the Francis and Segur patents as depicted in the charts thereof about which Mr. Tait testified, the text material appearing on those charts and Mr. Tait's testimony on direct examination with regard thereto are misleading if interpreted to mean that the illustrated patents show or suggest gripping a first slug delivered to a stacking position, inverting it, and positioning it on a subsequent slug "at said stacking position," as required by all of the '495 patent claims in suit. It is clear from Mr. Tait's testimony on cross-examination that, despite what may be inferred from the texts of those charts and from his own direct examination with regard thereto, there is no such teaching or suggestion in either of the Francis or Segur patents. It is also clear from Mr. Tait's cross-examination that no such teaching or suggestion is contained in the inverter-stacker disclosure on Mr. Pearne's 1963 paper. In addition, none of those prior art devices handled a slug (cut or uncut) within

the meaning of the '495 patent in suit. Rather, all three handled individual brick after they had been cut and separated and, in the case of the Francis and Segur devices, after they had been arranged in end-to-end rows, rather than while retained in the side-to-side rows in which they existed immediately upon cutting of the extruded slugs from which they were formed.

30. Based upon Mr. Tait's admissions on cross-examination and the absence of any meaningful evidence to the contrary, the Court finds that the structure and operation of the invention defined by the claims in suit of the '495 patent are not anticipated by any of the *category 1* prior art that is available against the '397 patent.

31. Mr. Tait proposed to reconstruct the device of the Segur patent by discarding the brick conveyor and associated turnover grippers of that device located furthest away from the stacking conveyor 70, and substituting the device of the Francis patent to pick up a first row of bricks arriving on the stacking conveyor 70, invert that row, and put it back down on a subsequent row of bricks arriving at the same position. Transcript 640-6. However, it is clear from Mr. Tait's cross-examination regarding that proposal that he could find nothing in either of the Francis and Segur patents that taught or suggested such a reconstruction. Transcript 659-71. Moreover, since the device of the Francis patent required manual manipulation of each step in its operation, what Mr. Tait proposed was to eliminate half of the automatic inverter-stacker mechanism of Segur and replace it with the hand-manipulated device of Francis, thus downgrading the Segur machine from an automatic one to a hand-manipulated one.

32. Based upon Mr. Tait's cross-examination and the absence of any meaningful evidence to the contrary, the Court finds that the structure and operation of the invention

defined by the claims in suit of the '495 patent, as a whole, would not have been rendered obvious at the time the invention was made to one skilled in the art to which the invention pertains by any of the *category 1* prior art that is available against the '397 parent patent. On the contrary, the assertions of obviousness of such structure and operation were based upon questions prefaced by assuming a desire on the part of the witness "to provide an inverter which would pick up a row or rows of brick, invert the row or rows of brick in the air and then deposit the inverted rows of bricks on underlying rows of bricks," (a paraphrasing of the operational steps of claim 1 of the '495 patent). That assumption presumed an advance appreciation of the desirability of employing the sequence of operations of the '495 patent. Such a highsight reconstruction of the prior art to invalidate a patent does not demonstrate obviousness of the invention thereof at the time it was made, as required by the express terms of 35 U.S.C.A. 103.

33. The availability of the *category 2* prior art against the '495 patent depends upon whether and to what extent the '495 patent is entitled under 35 U.S.C.A. 120 to the benefit of the filing date of the '397 parent patent. That, in turn, depends upon whether or not the application for the '495 patent is "for an invention disclosed in the manner provided by the first paragraph of Section 112" (35 U.S.C.A. 112) in the application for the '397 parent patent, the relationship between the two applications being as specified by the terms of 35 U.S.C.A. 120 for that purpose.

34. The disclosure of the invention of the '495 patent application required by 35 U.S.C.A. 112 to be found in the '397 parent patent application is one which describes:

> "the invention and the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which

it pertains, or with which it is most nearly connected, to make and use the same . . ."

Mr. Dunner, Defendant's patent expert, on cross-examination, agreed that such a disclosure may be found not only in what is actually set forth in the specifications, drawings, and claims of the earlier application but, also, in what one skilled in the art would reasonably read or derive therefrom. Transcript 1247-9. The Plaintiff's patent expert agreed with Mr. Dunner, and appeared to agree with Defendant's counsel that the support required to be so found in the prior application relied upon for the earlier filing date must include support for each expressed or implicit limitation of the claim. Transcript 475-6. The Court agrees with the testimony of both patent experts. It follows that the entitlement of the claims in suit of the '495 patent to the benefit of the filing date of the '397 parent patent depends on what limitations, expressed or implicit, are contained in those claims and how they are interpreted.

35. The Defendant contends that none of the claims in suit of the '495 patent is entitled to the filing date of the '397 parent patent. It argues that the only inverter-stacker disclosed in the '397 parent patent is the vacuum inverter of Fig. 2; that this vacuum inverter is disclosed only as a device for handling uncut slugs; that this vacuum inventer is not capable of handling cut slugs; and, that the claims in suit are directed to a device that must be capable of handling both cut and uncut slugs. On the other hand the Plaintiff contends that the vacuum inverter of Fig. 2 of the '397 and '495 patents, as identically disclosed in both of them, is capable of handling cut slugs or could readily be made to do so utilizing only the knowledge of one having ordinary skill in the art, so that the vacuum inverter disclosure of the '397 patent supports the full scope of claims 1 and 2 of the '495 patent (broadest claims therein). Plaintiff

further contends that, even if it were to be found that the vacuum inverter is not capable of handling cut slugs, the broadest claim 1 of the '495 patent (although broad enough to dominate an inverter-stacker having such capability) does not require such capability and, therefore, is readable upon and fully supported by the vacuum inverter disclosure of the '397 patent and is entitled to the benefit of the filing date thereof. The basis for this contention is that claim 1 is to a combination of elements for carrying out a particular sequence of steps in a particular manner and is not concerned with the details of the gripper means *per se*, i.e., with what kind of a slug it is designed to handle. According to this latter view of Plaintiff, the validity of claim 1 of the '495 patent may be tested only against prior art that would have been available against the '397 parent patent (regardless of how validity of the other claims 2, 3, 12 and 21 in suit of the '495 patent is evaluated).

36. Reading the claims of the '495 patent in the light of the patent specification and giving the term "slug" the broadest meaning to which it is susceptible in the context in which it appears therein, it is clear that the expression "slug of unfired brick material" was intended to be used in both the specification and claims as a broad term for a continuous length of extruded material regardless of whether it had been cut into a row of abutting brick or was still in one integral piece, just as a "loaf of bread" would mean a loaf of bread whether sliced or unsliced. The patent experts for both parties testified that the term "slug" was used in the '495 patent in the broad sense. So construed, the term "slug" does not imply either that the slug is uncut or that it is cut, any more than it implies that it is square or rectangular in cross-section, or smooth or rough on its surfaces, or made of light or heavy material.

37. When the term "slug" is so construed, claim 1 clearly does not require that the "gripper means" be operable to grip an uncut slug, or be operable to grip a cut slug, so long as it is capable of gripping one or the other. Claim 1 of the '495 patent is a claim to a combination of elements for performing a particular sequence of steps without regard to what kind of slug is being handled. It is not a claim to a particular kind of slug and is not concerned with such details of one element of the claimed combination. When so interpreted, claim 1 reads term-for-term on the vacuum inverter disclosed in the '397 parent patent, regardless of whether the particular gripping means disclosed therein is capable of handling only uncut slugs or only cut slugs, or is capable of handling both. Any other conclusion would have the effect of importing into claim 1 the further limitation of dependent claim 2 in violation of the doctrine of claim differentiation, that is, a broadly phrased claim should not be limited to what is defined by additional limitations contained in narrow claims.

38. Claim 2 (which is dependent on claim 1), on the other hand, clearly does require that the gripper means be operable to grip each of a plurality of abutting unfired brick, whether or not it is also capable of gripping an uncut slug. When so interpreted, claim 2 reads term-for-term on the vacuum inverter disclosed in the '397 parent patent, if, but only if, one skilled in the art would be provided by the specification of that patent with enough information to be able to make and use the invention as claimed in claim 2, that is, to handle slugs that have been cut into a row of abutting brick.

39. Claim 3 (which is dependent upon claim 2) must be interpreted the same as claim 2 as regards the material being handled, but is readable on the vacuum inverter disclosed in the '397 parent patent only if it would also provide

one skilled in the art with enough information to be able to provide the kind of conveyor defined therein.

40. Claims 12 and 21 (which are dependent upon only claim 1) must be interpreted the same as claim 1 as regards the material being handled but are readable on the vacuum inverter disclosed in the '397 parent patent only if the disclosure thereof in that patent would have provided one skilled in the art with enough information to make and use the particular kinds of gripper assemblies respectively defined therein.

41. It follows from the last five findings that the entitlement of the claims in suit of the '495 patent to the benefit of the filing date of the '397 patent depends (at least as to claims 2, 3, 12 and 21) upon what one skilled in the art would reasonably have been expected to derive from the disclosure of the parent patent. The principal controversy in that regard centers around whether or not the vacuum inverter as disclosed in the parent patent would be capable of handling cut slugs and whether one skilled in the art would have had the necessary knowledge to make it handle cut slugs if he had encountered any problems in doing so. In that connection, it is to be noted that the term "slug" is not defined in the parent patent, and no mention of handling cut slugs appears in the specification of that patent.

42. Mr. Milholen, Defendant's technical expert, testified that the arrangement of vacuum holes in the vacuum plate of the vacuum inverter of Fig. 2 of the '397 patent and the '495 patent appeared "as though they were designed to line up with cut brick as they would be pushed onto a vacuum plate." Transcript 321. He further testified that the vacuum plate as shown "could be designed with the proper size vacuum chamber or holes to coincide with a cut brick and the proper size vacuum pump and piping to overcome any leakage that you may get between the cut brick . . . to

handle cut brick." Transcript 322. Based upon his knowledge of and work on Bason vacuum pickup devices as manufactured for various customers he further testified that any such leakage could be overcome simply by using a large enough pump and piping "between the pump and the (vacuum) head." Transcript 324, that being what had been done by Paschal Machinery Co. to cure such a leakage problem in handling individual brick with vacuum pads in a machine built by the Defendant and sold by Paschal. Transcript 303-4. Other witnesses admitted that it could be made to work.

43. The only experimental evidence introduced by Defendant on this subject was an ex parte test of one of Plaintiff's commercial vacuum inverters that was designed only to handle uncut slugs. Mr. Isenhour and an employee of the Defendant, Mr. Joseph A. Cox testified that such a machine was tested at Isenhour Brick and Tile Co. shortly prior to trial and would not hold cut slugs on the vacuum head during the inversion operation. However, Mr. Cox acknowledged on cross-examination that the vacuum opening in the vacuum head was a long trough designed for continuous uncut slugs, that it bridged the cuts between the individual brick, that nothing was done to stop air leakage between the individual brick, and that nothing was done to increase the vacuum applied to the vacuum opening in the head. Transcript 809-11. Mr. Isenhour acknowledged on cross-examination that "anyone in the brick industry having any knowledge of the design and operation of machinery" would never "consider using that machine to pick up individual brick without modifying the shape of the vacuum openings so that you wouldn't have openings opposite the spaces between the brick." Transcript 880.

44. Based upon the evidence summarized in the last two findings, the Court finds that the vacuum inverter of

Fig. 2 of the '397 and the '495 patents is capable of handling cut slugs and that one skilled in the art on August 11, 1965 would have known how and been able to make it do so without undue difficulty. Accordingly, the Court further holds that claim 2 of the '495 patent, like claim 1 thereof, reads term-for-term on the vacuum inverter disclosure of the '397 parent patent.

45. Since claims 1 and 2 of the '495 patent reads term-for-term on the vacuum inverter disclosure of the '397 parent patent, the Court further finds that these claims are supported by the disclosure to the extent required by 35 U.S.C.A. 112, are for an invention disclosed in the '397 parent patent, and, therefore, are entitled to the benefits of the August 11, 1965 filing date of the '397 parent patent.

46. Since claims 1 and 2 of the '495 patent are entitled to the benefit of the filing date of the '397 parent patent, the Court further finds that the *category 2* art that is not available against the '397 parent patent is also not available against these claims of the '495 patent.

47. In view of the findings that the invention of claims 1 and 2 of the '495 patent is neither anticipated nor rendered obvious by the *category 1* prior art and none of the other (*category 2*) prior art asserted against these claims is available for that purpose, the Court further finds that Defendant has failed to carry its burden of proving anticipation of obviousness of either of these claims in view of the prior art.

48. Claims 3, 12 and 21 of the '495 patent are within the scope of and include all of the substance of claim 1, and claim 3 also contains all of the substance of claim 2. Accordingly, the Court finds that they are for the same invention as claim 1, including only embellishments of the invention of claim 1 that would have been obvious to one

skilled in the art from common practices in the art (e.g. gripping a row of abutting brick as disclosed by the Francis and Segur patents). Accordingly, the Court further finds that these claims are also entitled under 35 U.S.C.A. 120 to the benefit of the filing date of the '397 parent patent. Since the invention of claims 1 and 2 is neither anticipated by the prior art available against this patent nor rendered obvious by that prior art, the Court further finds that the invention as a whole of claims 3, 12 and 21 is neither anticipated nor rendered obvious by the available prior art and that Defendant has failed to carry its burden of proving otherwise.

49. Since the patentees of the '495 patent are entitled to claim the entirety of the relevant disclosure of the '397 parent patent without hindrance from their own prior uses, publications, and foreign patenting of that subject matter (part of the *category 2* art), the Court further finds that it would be illogical and inconsistent to find that the other art in *category 2* (certain patents and public uses of others that antedate the '495 patent filing date but not the '397 parent patent filing date) may be used to prevent those patentees from validly claiming in a more restricted manner in claims 3, 12 and 21 the same invention that they may rightfully claim more broadly in claims 1 and 2 of the same patent.

50. If the patents and alleged public uses of others that antedate the filing date of the '495 patent but not the filing date of the '397 parent patent, were to be held to be available against claims, 3, 12 and 21 of the '495 patent, the Court would nevertheless find, and does find, that the Defendant has failed to show by credible evidence that any such patent or public use anticipated or rendered obvious the invention as a whole of claims 3, 12 and 21. In that connection, the Court finds that the disclosure of Bason, U. S. Patent 3,480,161 is so vague and incomplete in its disclosure of

actual structure of a facer that it fails to meet the clear disclosure requirement for a prior art reference to be effective; and the Court further finds that successful operation of the facer at Triangle Brick in the form in which it was originally installed was not clearly established, and that the date when it was finally made successfully operative as a facer, if ever, was not clearly or definitely established by the oral testimony as occurring prior to the August 18, 1969 filing date of the '495 patent.

INFRINGEMENT OF '495 PATENT

51. Mr. Heinke, Plaintiff's patent expert testified to the effect that every limitation of claim 1 of the '495 patent reads term-for-term on Defendant's facer or inverter-stacker as admittedly accurately depicted on the chart, Plaintiff's Exhibit 87, in the same sense that those limitations read on both of the inverter-stacker embodiments of the '495 patent itself as depicted on the chart, Plaintiff's Exhibit 99. Transcript 393-9. He further testified, Transcript 399-400, to his opinion that the Defendant's inverter-stacker infringes claim 1 of that patent because "all of the terms of claim 1 are found in Defendant's structure, plus the fact that the elements of Defendant's structure have an identity of operation in that they cooperate in the same way as in the . . . Plaintiff's structure to achieve the same results." No contrary evidence or opinion was produced by the Defendant. The Defendant's president, Mr. Jones, testified on cross-examination that the Defendant's facer or inverter-stacker would also operate to handle slugs that had not been cut, in the same way as it would handle cut slugs. Transcript 794. From all of the evidence as to the structure and operation of the Defendant's facer or inverter-stacker, the Court finds that it similarly responds to claims 2, 3, 12 and 21 of the '495 patent.

ALLEGED FRAUD OR INEQUITABLE CONDUCT OR LACHES IN BRINGING SUIT ON THE '495 PATENT

52. The Defendant has failed to etablish that anything not disclosed to the Patent Office by the patentees of the patent in suit was in fact relevant to the patentability thereof or, if relevant, that it was recognized as such by the patentees or their attorneys, or was withheld for any improper purpose, or with any intent to deceive or mislead the Patent Office or as a result of gross negligence.

53. There is no probative evidence that the Plaintiff knew or should have known of the Defendant's manufacture and sale of the facers or inverter-stackers accused as infringements of the '495 patent before February of 1976. The undisputed evidence shows that promptly thereafter, by May of 1977, the Defendant was notified in writing of infringement of the '495 patent and this suit was filed charging such infringement less than three months thereafter. Guzzetta, Transcript 1338-9. There is no evidence that the Defendant relied to its detriment upon, any delay by Plaintiff in charging or bringing suit for infringement of the '495 patent, or changed its position in any manner in reliance upon such delay.

VALIDITY AND INFRINGEMENT OF THE '264 PATENT IN SUIT

Claims and The Significance of Claim Terms

54. Claim 1 of the '264 patent is directed to a setting head or gripping frame comprising a plurality of inflatable air bag gripper assemblies. Each such gripper assembly includes a horizontally elongated frame member and a sheet of flexible material folded around the bottom edge of the frame member and supported along its entire length at the top edge of the frame member. The frame member cooperates with the sheet to form (i.e., give shape or form to)

that part of a pressure chamber where the sheet forms opposite side walls. When the pressure chambers are pressurized, the side walls of adjacent gripper assemblies move toward each other to engage and grip articles, such as rows of brick, disposed on each side of the gripper assemblies. Claim 1, while not expressly related to the setting of brick, describes the specific features of Plaintiff's apparatus that make it especially suitable for gripping closely spaced rows of articles such as brick.

55. Dependent claims 2-4 specifically set forth additional details of the setting head or gripper frame described in claim 1. Dependent claims 5-7 specifically relate the apparatus of claim 1 to the handling of brick and also set forth additional details and relationships of the apparatus.

56. Although the '264 patent discloses, as a preferred embodiment, a construction in which the frame members of the gripper assemblies are plywood sheets rigidly depending from an overhead support member, none of the claims of the patent is so limited. More specifically, none of claims 1-7 of the '264 patent is limited to a construction in which the portions of the frame members within the pressure chambers are fixed against lateral movement (i.e., toward and away from an adjacent gripper assembly.

57. The frame members cooperate with the flexible sheets to perform the functions of: (1) giving shape or form to the horizontally elongated, uninflated pressure chambers such that they have a thin, vertically depending cross-sectional configuration adapted to be inserted between closely spaced rows of brick; (2) assisting to maintain the horizontally elongated pressure chambers in straight lines along their lengths; and (3) assisting in deflation of the pressure chambers. As disclosed in the patent, the latter function is achieved when the flexible sheets are formed from a rubber or rubberlike material and are stretched around the frame

members to place the sheet material in tension so that the sheets automatically return to a release position when pressure is exhausted from the chambers.

The Prior Art

58. The Defendant contends that claims 1-7 of the '264 patent are invalid because of anticipation under 35 U.S.C.A. 102 in view of certain prior art patents. The prior art patents asserted by the Defendant and listed by its expert witness, Mr. Isenhour, in order of relevance are as follows: (1) Frost 3,347,587, (2) Schmidt 2,611,612, (3) Belgian patent 539,465, (4) Huffman 2,609,113, (5) Francis 3,161,431, (6) Willer 1,790,688, and Baumann 2,784,997. Transcript 855. Mr. Isenhour is president of Isenhour Brick and Tile Company of Salisbury, North Carolina and has a degree in physics and a master's degree in ceramic engineering. He is familiar with the process of manufacturing brick and has had considerable experience with the design, use manufacture, modification and repair of brick making- and handling equipment. The Court found that he was an expert in the area of brick manufacture and brick manufacturing equipment. Transcript 818-821.

59. While Mr. Isenhour listed Frost as the most relevant prior art patent he admitted on cross-examination, Transcript 911-933, the apparatus of this prior art patent was disclosed as a fruit picker and designed to grip a number of randomly located articles, and that it uses a minimum of three, and sometimes four, inflatable, cylindrical fingers to pick up and hold a single spherical object. He stated he had no information to indicate that the device of Frost was ever used by anyone. With reference to the specific terms of claim 1 of the '264 patent, Mr. Isenhour testified on cross-examination that Frost does not disclose: (1) horizontally extending frame members, (2) bags formed by flexible material in sheet form, (3) flexible sheet material folded

around the bottom end of an internal frame member to form a pressure chamber, and (4) an inflatable bag having long, relatively flat, opposite side walls.

60. Mr. Isenhour equated the Schmidt patent 2,611,612 to Frost and on cross-examination he described the patent as disclosing a device for picking up bowling pins by means of vertically elongated, cylindrical fingers formed by inflatable, preformed tublar members. Like the fruit picker of the Frost patent, the Schmidt patent was designed to grip a number of randomly located articles. Mr. Isenhour acknowledged that the device has something on the order of 400 air bag grippers to pick up ten pins and that the patent does not indicate that the material of the uninflated fingers is intended to be in tension. He agreed that tension of the bag or finger material would not seem to be of any significance or importance to the operation of the device disclosed in the patent. It is clear from his testimony that the rods inside the bags of the Schmidt patent are vertically telescoping and have functions totally dissimilar to the frame members in the air bags of the '264 patent. As in the case of Frost, he had never seen a device of the type disclosed in Schmidt and did not have any information indicating that it had ever been used anywhere.

61. Based upon the testimony of Mr. Isenhour, the Court finds that the Frost patent 3,347,587 and the Schmidt patent 2,611,612 do not disclose the following underlined features of claim 1 of the '264 patent, which features are important elements of the claimed structured necessary to achieve its intended results:

> 1. A gripper frame comprising a plurality of spaced and parallel gripper assemblies, each assembly including a *horizontally extending* elongated frame member, *a sheet of flexible material folded around the bottom edge of said frame member* and supported along

its entire length at the top edge of said frame member, *said frame member cooperating with said sheet to form at least part of a pressure chamber where the sheet forms opposite side walls*, pressure control means to pressurize and exhaust said chambers whereby *both side walls* of at least some of said assemblies move toward and (sic) adjacent assembly to engage and grip an article on each side of such assemblies, *said side walls* returning to their initial position releasing such article when the pressure chambers are exhausted.

62. The disclosure of the Belgian patent 539,465, conceded by Mr. Isenhour to be less relevant than Frost and Schmidt, Transcript 855, does not show the key feature of claim 1 of the '264 patent, i.e., the provision of an internal frame member which forms or shapes each inflatable bag gripper so that the long, uninflated bag can be inserted successfully between rows of brick or the like. This is evident from Fig. 19 of the patent drawings. The parties could not agree upon a translation of some of the language of the patent. Without being supported by admissible evidence in either case, Defendant asserts that a correct partial translation of the patent reads: "Between these vertical side members 110, tubes 108 connected to a common valve may be subjected to the pressure of a fluid or to partial vacuum, and the products gripped between two adjacent tubes 108, with *suitable inserted* elements provided if necessary, will be centered automatically when they no longer rest on screen 68 of tray 58." (emphasis added), and Plaintiff aserts that the correct translation reads: "Between these vertical side members 110, tubes 108 connected to a common valve may be subjected to the pressure of a fluid or to a partial vacuum, and the products gripped between two adjacent tubes 108, with *appropriate sandwiched* elements provided if necessary, will be centered automatically when they no longer

rest on screen 68 of tray 58." (emphasis added). A logical interpretation urged by the Plaintiff of both translations is that something in the nature of the boards found in Defendant's setting heads may, like the products being gripped, be inserted or sandwiched between the tubes 108, if necessary. A possible interpretation based on the translation urged by Defendant is that "elements" may be inserted inside the tubes 108, if necessary. Neither party offered any testimony as to which of these possible interpretations is the more likely to be correct.

63. Plaintiff's interpretation of the contested translation appears to the Court to be the more logical. As a matter of proper syntax, the clause "with suitable inserted elements provided if necessary" would more logically appear after the designation "tubes 108" if it were meant to indicate that the tubes 108 have internal elements. Considering the actual position of the clause in the sentence, the sense conveyed to the reader is that the elements referred to, like the products being gripped, are between the tubes 108 rather than within them. Also considering Defendant's burden of proof as to what is in the prior art and the settled law that a prior art reference is good only for what it clearly discloses, the Court must find that the Belgian patent fails to disclose any frame members in the inflatable tubes 108.

64. Even if the Court were to adopt Defendant's interpretation that suitable "elements" may be inserted into the tubes 108 of the Belgian patent, there still would be no basis for concluding that claim 1 of the '264 patent is anticipated. There is no admissible evidence that the hypothetically inserted bag elements would be "horizontally extending" in the context of claim 1 or that they would cooperate with the tubes in the manner of the claimed frame members to give the tubes shape or form. There is no admissible evidence that the tubes 108 shown in the Belgian patent are

formed of flexible material in sheet form and, if so, whether the flexible sheet material would be folded around the bottom edges of the hypothetically inserted elements. In short, the purpose and form of the hypothetically inserted elements and whether or not they would cooperate with the bag material in any significant way are left to conjecture.

65. None of the witnesses offered by the Defendant was able to testify that anything in the disclosure of the Belgian patent might be considered significant. Mr. Isenhour testified on cross-examination that he did not know what the red material shown on the right-hand drawing of Defendant's Exhibit 35A (tubes 108) was supposed to be made from, and that he could not determine whether the tubes were made of flexible material in sheet form. He further said that the drawings of the patent do not show anything inside of the bags or tubes. Again he stated that he had no knowledge whether the machine shown in the Belgian patent was ever used by anyone to pick up anything. Transcript 934-36.

66. Because of the lack of any admissible evidence as to a proper translation of the Belgian patent, the conflicting interpretations put before the Court by counsel, and the absence of any testimony as to what, if anything, the patent discloses that would be significant on the issue of the validity of the patent in suit, the Court finds that the Belgian patent is entitled to little or no weight as evidence of invalidity of any claim of the '264 patent.

67. The Huffman, Francis, Willer, and Baumann Patents were considered by the Patent Office when granting the '264 patent. The Defendant produced no evidence as to the significance of these four prior art patents to the issue of validity of the '264 patent or why the normal presumption of validity with respect to prior art considered by the Patent Office should not prevail as to these four art references.

68. The Defendant offered no meaningful evidence as to "obviousness" under 35 U.S.C.A. 103. Mr. Isenhour gave his opinion that, "It would be a logical extension to take the Frost patent and the Belgian patent and pick up brick with it, some combination of the two." Transcript 853. He did not attempt to explain what "combination" of the patents he had in mind, and more importantly, he did not attempt to relate any specific "combination" of Frost and the Belgian patent to the language of claim 1 of the '264 patent, as would be necessary for the Court to evaluate any alleged obviousness of the claimed invention under 35 U.S.C.A. 103 in the light of such a combination of two totally different prior art structures.

69. Based upon the evidence, the Court finds that the prior art patents asserted by the Defendant, whether considered singly or in combination, do not anticipate or suggest the subject matter as a whole of any claims 1-7 of the '264 patent and would not have rendered the same obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains.

70. The Court's finding of no anticipation and no proof of obviousness of claims 1-7 of the '264 patent are fortified by the evidence of long-felt but unsolved need, prior attempts and failures of others to satisfy that need, the continuing inability of others, including the Defendant, to compete successfully with non-infringing structures, the ultimate turning by Defendant and others to the '264 invention to remain competitive, and Plaintiff's commercial success.

Defendant's Infringement

71. The accused setting heads manufactured and sold by the Defendant have long, thin, inflatable bags formed of flexible material in sheet form which for all intents and purposes are the same as the bags of the '264 patent. In

Defendant's apparatus, the bags are usually separated by boards in a bag-board-bag-board sequence; although Defendant's counsel admitted that on some occasions, Defendant's setting heads are made with a bag-bag sequence. Transcript 58. Mr. Jones, president of Defendant company, also testified that boards may or may not be used, depending upon the size of the brick or the desired setting pattern. Transcript 781.

72. Instead of using laterally immovable frame members to shape the uninflated bags so that they have the necessary thin, vertically depending configuration that can be inserted between closely spaced rows of brick, Defendant constructs its apparatus with a rigid weight bar or rod testing in the bottom of each bag and extending horizontally from one end to the other. The tops of the bags are secured along their entire lengths to upper frame members. Defendant's Exhibit 35-K. As shown by said Exhibit the upper frame members from which the Defendant's air bags are suspended and the alternating boards, if used, are mounted with rollers so as to be laterally movable relative to each other. The purpose of this lateral movement is to accommodate what Defendant calls "overspread" of the brick marshalling on the spread table beneath the setting head. "Overspread" simply means that the rows of brick are initially spaced from each other at distances greater than the spacings ultimately required when the bricks are being fired in a kiln. Transcript 719-720.

73. In operation of Defendant's apparatus, the setting head is lowered over the bricks marshalled on the spread table in the desired pattern, with the elongated bags and boards alternately extending into the spaces between the rows of brick. The spread table is then actuated to a retracted position that decreases the spacings between the rows of bricks and eliminates the "overspread" condition before

the bags are inflated to perform their gripping function. When the bags are then inflated, the lateral expansion of the long, flat side walls of each bag toward the walls of the next bag results in the several rows of brick with the interleaved boards being clamped between the bags so that the entire array of brick can be picked up and placed on a kiln car, at which time the bags are deflated to release and stack the bricks with the desired spacing between each row, precisely as taught and claimed in the '264 patent.

74. The Defendant's overspread mechanism is the subject of U. S. Patent No. 4,119,217, which is shown as Defendant's Exhibit 351. The operation of the accused apparatus is more fully described in that patent.

75. The Court is not convinced by the Defendant's contention that its apparatus does not infringe the '264 patent because it lacks the frame members recited in claim 1. The weight bars or rods used by Defendant cooperate with the flexible sheet material to form or shape the uninflated air bags in substantially the same way as the frame members of the '264 patent, and with the same results. As both Mr. Jones and Mr. Dunner, (Defendant's patent expert) testified, the weight in each bag tends to pull the sides straight and exhaust the air as it is released. Transcript 722 and 1203. The later statement of Jones that the weights have no significant effect on the shape of the bag does not square with the other evidence and is incredible. As described in the '264 patent, Column 8, lines 45-48, this same result is achieved by stretching the bag material around the rigid frame members of the patented apparatus. A necessary effect of pulling the sides of Defendant's air bags together as the air is released is to place the uninflated bags in a thin, vertically depending configuration which facilitates insertion between the closely spaced rows of brick. Transcript 906.

76. The fact that the weight bars or rods help shape Defendant's air bags "to facilitate insertion between the brick rows on the spread table" is expressly admitted in the Defendant's patent, Defendant's Exhibit 351, at Column 7, lines 27-29. Mr. Jones is listed as the inventor in that patent. The testimony of Mr. Dunner, that the weight bars do not perform any significant function in getting the bags into the spaces between the rows of brick, is not credible in view of the other evidence and the contrary admission in the Defendant's own patent. Mr. Dunner's testimony on the point was admittedly formed without having seen Defendant's apparatus in operation without a weight bar and, therefore, was mere speculation.

77. Insofar as infringement of the '264 patent is concerned, the Court finds that it is not important whether bars or rods are used in the Defendant's air bags as shown in Defendant's Exhibit 35-K.

78. The Defendant apparently resorted to the "overspread" mechanism to compensate for the possibility that its air bags can swing slightly to and fro. (See Dunner's testimony, Transcript 1168). Any such movement of the air bags is minor, however, and the overspread is probably unnecessary. Transcript 315-332. In any event, the Court finds that the inclusion of the overspread mechanism into Defendant's apparatus does not avoid infringment of the '264 patent because the Defendant has retained all of the elements of the patent claims and these elements continue to function in the same way to accomplish the same results.

79. Still another function of the frame members of the '264 patent apparatus is to maintain each bag in a straight line from end to end so that it can be dropped into a long, narrow space between two rows of bricks. Mr. Isenhour testified that this same function of rigidifying the bags lon-

gitudinally is accomplished by Defendant's weight bars or rods. Transcript 906-908.

80. Mr. Isenhour fully equated the functions of Defendant's bag weights with the function of the rigid frame members of the '264 patent at pages 884-910 of the transcript. Based on all the evidence, the Court finds that the bag weights used by the Defendant are the legal equivalent of the frame members recited in claim 1 of the '264 patent.

81. The interpositioning of a board between each pair of air bag grippers in some of Defendant's apparatus does not avoid infringement of the '264 patent. Mr. Heinke, Plaintiff's patent expert, testified that the claims in issue are not limited to a bag-bag sequence disclosed as the preferred embodiment and that the bag-board-bag sequence used by the Defendant functions in substantially the same way to accomplish the same results. Transcript 417-418. The Court finds Mr. Heinke's testimony to be consistent with and supported by that of the other witnesses and by Plaintiff's operation at the trial of the model machine illustrating in a qualitative way the substantial identity of the air bags of the '264 patent and those made by the Defendant. Plaintiff's Exhibit 55.

82. Mr. Milholen testified that the boards in Defendant's apparatus act simply as spacers to vary the setting pattern and the source of the gripping pressure is the air bags. He further stated that insofar as the gripping function is concerned, the boards are passive or "transparent" in that the gripping force is simply passed through them just as if the boards were rows of brick. Transcript 334-337. It is significant that in operation of Plaintiff's own apparatus, certain air bags are sometimes purposely not inflated and that in such a case the uninflated bags with their internal frame members act in the same manner as the spacer boards of the Defendant's apparatus. Mr. Milholen's testimony was

consistent with that of Mr. Jones, who agreed that the boards in Defendant's apparatus act to vary the setting pattern of the brick. Transcript 781. Mr. Milholen's testimony was further confirmed by the demonstration at trial of Plaintiff's model, Exhibit 55. In that demonstration, the setting head was arranged with a bag-board-bag sequence to simulate Defendant's apparatus. The board was disconnected from the head after the bags were inflated, and the array of articles continued to be clamped and held between the inflated bags.

83. Based upon the evidence the Court finds that the accused setting heads of Defendant embody substantially the same elements called for in claims 1-7 of the '264 patent and that those elements function in essentially the same manner to accomplish the same result in both the '264 patent and the Defendant's setting heads.

84. The Defendant has failed to establish that anything not disclosed to the Patent Office by the patentees of the patent in suit was in fact relevant to the patentability thereof or, if relevant, that it was recognized as such by the patentees or their attorneys, or was withheld for any improper purpose, or with intent to deceive or mislead the Patent Office, or as a result of gross negligence.

CONCLUSIONS OF LAW

General

1. The Court has jurisdiction of the parties and the subject matter of this suit.

2. A patent is presumed to be valid and the burden of establishing invalidity of any claim thereof rests on the party asserting invalidity. 35 U.S.C.A. 282. In this case the burden of proving invalidity is upon the Defendant.

3. In order to invalidate claims under 35 U.S.C.A. 102 as being "anticipated" by a prior art reference, it must be

shown that the reference contains all of the elements of the claims apart from irrelevant or merely extraneous variations, and that the elements are arranged in the same way to achieve the same result which is asserted to be an inventive function. The standard of law relating to anticipation applied by the Court of Appeals for the Fourth Circuit is set forth in *Tights, Inc. v. Acme-McCrary* 541 F.2d 1047, 1056 (4 Cir. 1976), *cert. den.* 429 U.S. 980 (1976) as follows:

> "Anticipation is a technical defense which must meet strict standards: 'unless all the same elements are found in exactly the same situation and united in the same way to perform the identical function' in a single prior art reference 'there is no anticipation.' "

See also, *Butler v. Helms*, 550 F.2d 954 (4 Cir. 1977).

4. Under 35 U.S.C.A. 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is to be determined. Such secondary considerations as commercial success, long-felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or unobviousness, these inquiries may have relevancy. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966); 86 S.Ct. 684, 694. *Hutzler Bros. Co. et al v. Sales Affiliates, Inc., etc.*, 164 F.2d 260, 267 (4 Cir. 1947).

5. The burden is on the party challenging validity to establish not only the substantive defense relied upon but, also, when relying upon the defense of obviousness, to demonstrate exactly what art is pertinent and what is the level of skill in the art. *Cardinal of Adrian, Inc. v. Peerless Wood Products, Inc.*, 363 F.Supp. 1298, 179 USPQ 527

(D.C. Mich. 1973), *aff'd.* 515 F.2d 534, 185 USPQ 712; *Shaw v. E.B. & A.C. Whiting Co.*, 417 F.2d 1097 (2d Cir. 1969) *cert. den.* 397 U.S. 1076, *reh. den.* 398 U.S. 954. *Saginaw Products Corp. v. Eastern Airlines, Inc.*, 195 USPQ 551, 554-5 (E.D. Mich. 1977).

6. A patent will not be deemed invalid for obviousness merely because of its simplicity, in view of the fact that the very simplicity of a new idea is the truest and most reliable indication of novelty and invention. This is especially true when others have devoted extensive effort and exhausted their resourcefulness in a futile search for the solution to the same vexing problem. *American Safety Table Co. v. Schreiber*, 269 F.2d 255 (2 Cir. 1959); *Blohm & Voss A.G. v. Prudential-Grace Lines, Inc.*, 346 F.Supp. 1116 (D.C. Md. 1972), rev'd on other gr'ds. *Universal Inc. v. Kay Mfg. Corp.*, 301 F.2d 140, 147 (4 Cir. 1962); *The Gray Processes Corp. v. Danciger Oil & Refineries, Inc.*, 42 USPQ 315, 330 (N.D. Tex. 1939). Failure of the art to adopt an allegedly pertinent prior art teaching of such a solution indicates that the patentee's contribution was unobvious. *Esco Corp. v. Hensley Equipment Co.*, 265 F.Supp. 863; "*Barbed Wire Patent Case*," 143 U.S. 275, 282, 283 (1892); *National Battery Co. v. Richardson Co.*, 63 F.2d 289, 292 (6 Cir. 1933) and cases cited therein.

7. Claims of a continuation-in-part application based on an earlier-filed parent application are entitled to the parent's filing date if the claimed subject matter is disclosed in the parent in the manner provided by 35 U.S.C.A. 112, first paragraph, and if the other requirements of 35 U.S.C.A. 120 are satisfied.

For the broad proposition above, see particularly: *In re Hogan*, 559 F.2d 595, 604 (C.C.P.A. 1977); *Galland-Henning Mfg. Co. v. Dempster Bros. Inc.*, 315 F.Supp. 68, 74-75 (E.D. Tenn. N.D. 1970). For the extent to which the

claims of the continuation-in-part may elaborate upon or embellish what is disclosed in the parent, see *Acme Highway Products Corp. v. D.S. Brown Co.*, 431 F.2d 1074, 1080 (6 Cir. 1970). The permissible added disclosure includes what would have been obvious to one skilled in the art as well as that which can be reasonably derived from the disclosure of the parent application.

Cardinal of Adrian, Inc., v. Peerless Wood Products, Inc., 515 F.2d 534 (6 Cir. 1975).

Acme Highway Products Corp. v. The D. S. Brown Company, 431 F.2d 1074, 1080 (6 Cir. 1970).

Azoplate Corp. v. Silverlith, Inc., 367 F.Supp. 711, 732 (D. Del. 1973).

Illinois Tool Works, Inc. v. Foster Grant Co., Inc., 547 F.2d 1300, 1309 (7 Cir. 1976).

It is particularly to be noted that inclusion in the continuation of a new utility or an inherent capability not mentioned in the parent is permitted.

Application of Kirchner, 305 F.2d 897, 903-904 (CCPA 1962)

Application of Smythe et al., 480 F.2d 1376, 1382-83 (CCPA 1973)

Application of Reynolds, 443 F.2d 384, 389 (CCPA 1971)

Indiana General Corp. v. Lockheed Aircraft Corp., ____ F.2d ____ , 160 USPQ 6, 9 (9 Cir. 1968)

Carter-Wallace, Inc. v. Otte, ____ F.2d ____, 176 USPQ 2, 9-12

Both of the last two cases, as here, were concerned with the patentee's own intervening publication. The *Cardinal* case, *supra*, was concerned with an intervening public use.

8. The "enablement" requirement of 35 U.S.C.A. 112 means that the patent specification must describe the claimed invention in terms that would enable a person skilled in the

art to make and use the invention. A patent disclosure is in compliance with Section 112 if a person skilled in the art can make and use the claimed invention without undue experimentation. *Application of Fisher*, 427 F.2d 833, 839 (CCPA 1970); *Application of Smythe*, 480 F.2d 1376, 1384-85 (CCPA 1973); *Application of Schneider*, 481 F.2d 1350, 1356 (CCPA 1973); *Application of Reynolds*, 443 F.2d 384, 389 (CCPA. 1971); *Application of Kirchner*, 305 F.2d 897, 903-904 (CCPA. 1962); *Killman v. Ladd*, 226 F.Supp. 186, 189 (Dist. Col. 1964). A long recognized corollary is that a patentee is entitled to protection of his device against all uses therefor, including any he did not appreciate or disclose. *C. A. Potts & Co., v. Creager et al*, 155 U.S. 597, 606 (1895); *Radio Corporation of America et al v. Radio Egineering Laboratories, Inc.*, 293 U.S. 1, 14 (1934).

9. As a general rule, the claims to a mechanical invention can be framed as broadly as possible in light of the prior art, and such claims can be properly based on a disclosure in the specification of but a single embodiment. This is thoroughly explained in: *Nationwide Chemical Corp. v. Wright et al*, 192 USPQ 95, 105 (M.D. Fla., Tampa D. 1976); *In re Fisher*, 427 F.2d 833, 839 (CCPA 1970). See also: *Smith v. Snow*, 294 U.S. 1, 14, 16, 55, S.Ct. 279 (1935); *Ex parte Weaver*, 1897 C.D. 165 (Com'r Pat's 1897); *In re Vickers*, 141 F.2d 522, 525 (CCPA 1944); *Bela Seating Co., Inc. v. Poloron Products, Inc.*, 297 F.Supp. 489, 507 (N.D. Ill. E.Div. 1968), *aff'd* 438 F.2d 733; *In re Newton*, 414 F.2d 1400, 1406 (CCPA 1969).

10. The Supreme Court held in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 70 S.Ct. 854 that a patentee may invoke the doctrine of equivalents to proceed against the producer of a device " 'if it performs substantially the same function in substantially the same

way to obtain the same result.' *Sanitary Refrigerator Co. v. Winters*, 280 U.S. 30, 42, 50 S.Ct. 9, 13, 74 L.Ed. 147. The theory on which it is founded is that 'if two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in name, form or shape.' *Union Paper-Bag Machine Co. v. Murphy*, 97 U.S. 120, 125, 24 L.Ed. 435. The doctrine operates not only in favor of the patentee of a pioneer or primary invention, but also for the patentee of a secondary invention consisting of a combination of old ingredients which produce new and useful results. *Imhaeuser v. Buerk*, 101 U.S. 647, 655, 25 L.Ed. 945, although the area of equivalence may vary under the circumstances.' "

11. A pioneer patent is a patent covering a function never before performed, a wholly novel device, or one of such novelty and importance as to mark a distinct step in the progress of the art, as distinguished from a mere improvement or perfection of what had gone before. *Morely Sewing Machine Co. v. Lancaster*, 129 U.S. 263 (1889); *Boyden Power Brake Co. v. Westinghouse*, 170 U.S. 537 (1898); *Ziegler v. Phillips Petroleum Co.*, 483 F.2d 858, 870 (5 Cir. 1973), *cert. den.* 94 S.Ct. 597.

'495 Patent

12. Claims 1 and 2 of the '495 patent are entitled to the August 11, 1965 filing date of the '397 patent.

13. Plaintiff's published British and Australian patents corresponding to the '397 parent patent are not available as prior art against any of claims 1, 2, 3, 12 and 21 of the '495 patent inasmuch as the broader dominating claims 1 and 2 are entitled to the filing date of the '495 patent.

14. In order for an apparatus to be prior art, it must successfully carry out its intended function (i.e., it must be reduced to practice successfully); it must work. In *Coffin*

v. Ogden, 85 U.S. (18 Wall.) 120, 124-25 (1874), the Supreme Court held:

> "The invention or discovery relied upon as a defense, must have been complete, and capable of producing the result sought to be accomplished; and this must be shown by the defendant. --- If the thing were embryotic or inchoate; if it rested in speculation or experiment; if the process pursued for its development had failed to reach the point of consummation, it cannot avail to defeat a patent founded upon a discovery or invention which was completed; --- Until his work is done, the inventor has given nothing to the public."

As Judge Learned Hand said in *Picard v. United Aircraft Corp.*, 128 F.2d 632, 635 (2 Cir. 1942):

> "It is also true that another's experiment, imperfect and never perfected, will not serve either as an anticipation or as part of the prior art, for it has not served to enrich it. The patented invention does not become 'known' by such a use or sale, or by anything of which the art cannot take hold and make use as it stands." See *Farmhand, Inc. v. Lahman Mfg. Co.*, 192 U.S.P.Q. 749, *aff'd* 568 F.2d 112 (8 Cir. 1978).

15. The Court concludes that the Triangle Brick installation is not valid prior art against the claims in issue of the '495 patent because: (1) it is clearly antedated by the August 11, 1965 filing date of claims 1 and 2, and (2) Defendant failed to prove by clear and convincing evidence that it was operative prior to the August 18, 1969 filing date of claims 3, 12 and 21.

16. The Court concludes that the Pearne publications, Defendant's Exhibits 19 and 20, are not valid prior art against claims 1, 2, 3, 12 and 21 of the '495 patent because the publications do not disclose an operative apparatus or an apparatus which was ever built, and because the claimed

combination and the elements thereof are not disclosed in a manner that renders the claims obvious.

17. Claims 1, 2, 3, 12 and 21 of the '495 patent are not anticipated by the prior art under 35 U.S.C.A. 102.

18. Claims 1, 2, 3, 12 and 21 of the '495 patent are not invalid because of obviousness under 35 U.S.C.A. 103.

19. Defendant's facers or inverter-stackers as depicted on the chart designated Defendant's Exhibit 87 infringe claims 1, 2, 3, 12 and 21 of the '495 patent.

20. In order to prove that patent '495 is invalid or unenforceable by reason of fraud or inequitable conduct before the Patent Office, Defendant must show that Plaintiff withheld information from or misrepresented facts to the Patent Office during the prosecution of the application with a bad faith intent, that such actions by Plaintiff were material to the prosecution of the application, and that allowance of the application was the result of such conduct. *State of North Carolina v. Chas. Pfizer & Co., Inc.*, 384 F.Supp. 265, 282 (E.D. N.C. 1974) *aff'd* 537 F.2d 67 (4 Cir. 1976), *cert. den.* 429 U.S. 870 (1976).

In *Pfizer, Inc. v. International Rectifier Corp.*, 538 F.2d 180, 186 (8 Cir. 1976), cert. den. 429 U.S. 1040 (1976), the Court noted:

> "It would be unwise to attempt to formulate a standard of conduct setting forth all elements of the defense embracing all misconduct before the Patent Office that might justify refusal to enforce a patent. However, we note that the standard is not one of strict liability for innocent or even negligent omissions or misstatements before the Patent Office. *Schnadig Corp. v. Gaines Manufacturing Co.*, 494 F.2d 383, 393 (6th Cir. 1974). Rather, to result in refusal to enforce a patent, the misconduct must be accompanied by 'some element of wrongfulness, willfulness, or bad faith.' *Parker v.*

> *Motorola, Inc.*, 524 F.2d 518, 535 (5th Cir. 1975); see *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 814-815, 65 S.Ct. 993, 997-998, 89 L.Ed. 1381 (1945) (a 'willful act * * * which rightfully can be said to transgress equitable standards of conduct'). This requirement of proof has been uniformly applied in infringement actions by a majority of the circuits to claims of both fraud and lesser inequitable conduct. Moreover, proof of misconduct under either theory must be established by 'clear, unequivocal and convincing' evidence. *United States v. American Bell Telephone Co.*, 167 U.S. 224, 251, 17 S.Ct. 809, 42 L.Ed. 144 (1897); *accord, Schnadig Corp. v. Gaines Manufacturing Co.*, *supra* at 392; *Monsanto Co. v. Rohm & Haas Co.*, *supra* at 601 n. 14."

The Defendant has a very burden in this regard and must prove fraud or inequitable conduct by clear and convincing evidence. *Duplan Corp. v. Deering Milliken, Inc.*, 444 F.Supp. 648 (D.S. Car. 1977).

21. The Court concludes that the Oath submitted to the Patent Office in the '495 patent was prepared and used in good faith for a proper purpose, and that it complies with the Patent Office Rules of Practice and the Statute (Title 35).

22. The Court concludes that there was no inequitable conduct or fraud in the nondisclosure of the Pearne publications and Plaintiff's British and Australian patents and public uses corresponding to the '397 parent patent because of Plaintiff's good faith belief that this material was not available as prior art. The Court further concludes that no inequitable conduct or fraud was present since the nondisclosure was in fact not material to the prosecution and allowance of the '495 patent as Plaintiff and its counsel clearly believed.

23. The Court therefore concludes that the validity and enforceability of the '495 patent have not been impaired by any improper conduct on the part of Plaintiff or its counsel.

24. The Court concludes that Plaintiff gave notice of infringement and filed this action with such promptness after learning of the possibility of Defendant's infringement of the '495 patent in suit that Plaintiff could not have been guilty of laches in doing so and that Plaintiff is not chargeable with earlier knowledge of such possibility. In any event, mere delay in giving notice of infringement or in bringing suit is not a sufficient basis for a defense of laches. There being no evidence that Defendant changed its position or has otherwise been prejudiced by any delay on Plaintiff's part.

'264 Patent

25. Claims 1-7 of the '264 patent are entitled to the August 11, 1965 filing date of the '397 patent. 35 U.S.C.A. 120.

26. Claims 1-7 of the '264 patent are not anticipated under 35 U.S.C.A. 102.

27. Claims 1-7 of the '264 patent are not invalid on the grounds of obviousness under 35 U.S.C.A. 103.

28. Immaterial variations in an accused infringing device will not avoid infringement. The test resolves to that of equivalency, and equivalency is made out where it is shown that the two devices do substantially the same work in the same way and accomplish the same results. *Graver Tank & Mfg. Co. v. Linde Air Products, Inc., supra.*

29. One may not escape liability for infringement by adding to or subtracting from a patented deivce, by changing its form, or making it more or less efficient, if he retains its principle and mode of operation and attains its result by the use of the same or equivalent mechanical means. *Lourie Implement Co. v. Lenhart,* 130 F. 122 (8 Cir. 1904); *Deere*

& Co. v. International Harvester Co., 200 U.S.P.Q. 150 (D.C. S.D. Ill. 1978); *Technicon Instruments Corp. v. Coleman Instruments, Inc.* 255 F.Supp. 630, 641 (N.D. Ill. 1966). Also see *Wine Ry. Appliance Co. v. Baltimore & Ohio Ry. Co.*, 78 F.2d 312, 317-8 (4 Cir. 1935).

30. Infringement is not avoided by separating a one-piece element into several parts if the element accomplishes the same result in substantially the same way. *Crane Co. v. Aeroquip Corp.*, 504 F.2d 1086 (7 Cir. 1974); *Sutherland Paper Co. v. Auburn Carton Corp.* 118 F.2d 862 (7 Cir. 1974); *Deere & Co. v. International Harvester Co., supra.*

31. Defendant's air bag type setting heads in which the bags are weighted by rods or bars, and in which boards may be placed between some or all of the bags infringe claims 1-7 of the '264 patent.

32. The Plaintiff is entitled to the benefit of the doctrine of equivalents even though the Court has determined that the patents in suit are not pioneer patents.

33. A judgment will be entered for the Plaintiff declaring the patents valid and infringed and dismissing the Defendant's counterclaims. Plaintiff's counsel may prepare and submit an appropriate judgment in compliance with these findings and conclusions.

This the 30th day of April, 1979.

/s/ Woodrow W. Jones
Chief Judge

APPENDIX--RELEVANT STATUTES

"35 U.S.C. 120. Benefit of earlier filing date in the United States.

"An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this Title in an application previously filed in the United States, or as provided by section 363 of this Title, by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application."

"35 U.S.C. 112. Specification.

"The specification shall contain a written description of the invention,

and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

"35 U.S.C. 301. Citation of Prior Art.

"Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particluar patent. If the person explains in writing the pertinency and a manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof

will become a part of the official file of the patent . . ."

"35 U.S.C. 302. Request for Re-examination.

"Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provision of section 301 of this title . . ."

"35 U.S.C. 303. Determination of Issue by Commissioner.

"(a) Within three months following the filing of a request for re-examination under the provisions of section 302 of this title, the Commissioner will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or

printed publications. On his own initiative, and any time, the Commissioner may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title . . ."

"35 U.S.C. 304. Reexamination Ordered By Commissioner.

"If, in a determination made under the provisions of section 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question . . ."

Opposition

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81-365

No. ___

In the

SUPREME COURT OF THE UNITED STATES

October Term 1981

EA INDUSTRIES, INCORPORATED,
a corporation,
Petitioner,

vs.

AMI INDUSTRIES, INCORPORATED,
a corporation,
Respondent.

On Petition for Writ of Certiorari
to the United States Court of Appeals
for the Fourth Circuit

BRIEF OF RESPONDENT IN OPPOSITION

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BRIEF OF RESPONDENT IN OPPOSITION

Respondent, AMI Industries, Inc., opposes the petition in the above-captioned matter for the following reasons:

1. The decision cited by Petitioner is not in conflict with the decision of the court below.

2. The court below correctly applied 35 U.S.C. 120 and 35 U.S.C. 112, and correctly determined, based on findings of fact, that the claims in issue of United States Patent No. 3,589,495 are entitled to the August 11, 1965 filing date.

3. A stay should not be granted in this case under the recently enacted patent reexamination statute. The circumstances are unique and the question has not been passed on by the courts below.

COUNTERSTATEMENT OF THE CASE

The '495 patent discloses two forms of inverters. The first form, a vacuum inverter, was fully described in an earlier application filed August 11, 1965, which issued as patent No. 3,478,397. The other form of inverter, the inflatable gripper inverter, was described for the first time in the continuation-in-part application which was filed August 18, 1969 and issued as the '495 patent. These two forms of inverter were arranged to grip elongated green clay slugs at an intermediate point in the process of the manufacture of brick and to invert and stack one slug on top of another.

The vacuum inverter was illustrated in a system in which it inverts uncut

slugs, slugs which were subsequently cut as a later step in the brick manufacturing process.

It was not specifically stated that the vacuum inverter was capable of inverting cut slugs, but there was absolutely no indication that the vacuum inverter was incapable of handling cut slugs and absolutely no indication of any reason why it should be incapable of doing so.

A second form of inverter, the inflatable gripper form, was illustrated in a system in which it inverted and stacked the slugs after they were cut and it was specifically stated that this form of inverter was capable of handling both uncut and cut slugs.

The decision of the Federal District Court was rendered on the 30th day of April 1979, holding the '495 patent valid and infringed.

The decision of the Fourth Circuit Court of Appeals was rendered in February 1981, and affirmed the trial court's decision.

The statute establishing a procedure for reexamination of issued patents first became effective on July 1, 1981, long

after both of the courts below had rendered their decisions.

ARGUMENT

I. The '495 Patent is Valid.

Petitioner has cited only one case in support of its position that a conflict exists between the circuits. In that case, Hazeltine Research, Inc. v. Zenith Radio Corp. (7th Cir. 1967) 388 F.2d 25, a first application for patent specifically indicated that, to practice the disclosed invention, it was essential to set a designated alternating current at a specific level to offset a positive voltage at the video amplifier; in other words, that a particular electrical relationship was essential to the invention. Subsequent to the filing of the first application, the patentee reversed himself and in a later-filed continuation-in-part application indicated that the electrical relationship previously indicated as essential was not required. The patentee then obtained in such continuation-in-part application claims which were not restricted to such originally disclosed essential relationship.

The court correctly restricted the claims to the filing date of the later

continuation-in-part application because the claims were not finally restricted to a relationship which was described as an essential part of the invention in the earlier application. Since the claimed invention was not disclosed in the earlier application, it was not supported by that application and the claims were properly limited to the filing date of the later-filed case.

In the present case, there was absolutely no indication in either the parent '397 patent or the continuation-in-part '495 patent that the vacuum inverter was incapable of inverting and stacking cut slugs or that it was essential to the invention that the machine invert slugs before they were cut. Therefore, there is no conflict between the decision rendered in Hazeltine and the decisions rendered by the courts below. In fact, the trial court made a specific finding of fact No. 44 that:

> "*** the court finds that the vacuum inverter of FIG. 2 of the '397 and '495 patents is capable of handling cut slugs****"

This finding was based in part on cross-examination testimony of Petitioner's own expert witness.

In its decision, the Fourth Circuit Court of Appeals affirmed the trial court and held that the claims of the '495 patent were entitled to the August 11, 1965 filing date of the '397 patent, stating:

> "EA raises several claims of error as to the validity and enforceability of the '495 patent, the primary claim dealing with the district court's decision that the '495 patent was entitled to the benefit of the earlier filing date of the '397 patent pursuant to 35 U.S.C. 120.[1] EA contends that the '397 patent could not handle slugs that had been cut into brick size and therefore the '495 patent could not have the benefit of the earlier filing date. The district court, however, found as a fact that the '397 device was capable of handling cut brick. Such a finding is not clearly erroneous. A review of the record reveals no error in the district court's application of Section 120." (Footnote 1 sets forth 35 U.S.C. 120 verbatim.)

Petitioner's entire arguments concerning the '495 patent involved a clever attempt to put artificial and incorrect labels on the two different forms of inverters and to then use such improper labels to establish distinctions which do not exist.

The fact is that the second form of inverter was a simple mechanial variation of the first. They both operated in substantially the same way (to grip and invert), on the same materials (either cut or uncut slugs), and produce the same result (the inverting and stacking of cut or uncut slugs one on another).

II. The Stay Should Be Denied.

Petitioner, as a second ground, is requesting a stay of this proceeding to allow the Patent and Trademark Office to reexamine the patents in suit under a new statute (35 U.S.C. 300-307) which went into effect long after the rendering of the decisions from which Petitioner is appealing.

Congress never intended that this new statute should be used to retry before the Patent and Trademark Office cases that had already been tried and decided by the Federal Courts. The reexamination statute was intended as an aid to the Federal Courts, not a substitute for them or an appellate forum for them.

The validity issue has already been determined by a trial court after extensive testimony by live fact and expert witnesses subject to cross-examination

(not available to the Patent and Trademark Office). The Circuit Court had affirmed that decision before the issue of a stay was ever raised.

The Petitioner raised the issue of the reexamination statute, by motion, for the first time after the Court of Appeals had rendered its decision affirming the trial court. That motion was denied. The reexaminmation statute did not even go into effect until after the mandate had been sent down to the trial court.

The circumstances here are completely unique. The Petitioner is asking this Court to interpret the effect of a new statute in a case which is completed except for review by this Court. Only a very few cases can be in this posture, and, because of the unique timing, such posture cannot occur in the future. Therefore, the issue is not of sufficient importance to warrant review by this Court.

Further, no trial court has ever rendered a decision as to how the reexamination statute affects patent litigation. Petitioner is asking this Court to interpret and apply, as a matter of first impression, a statute that has only been in

effect a little more than two months.

CONCLUSION

The Petition of EA Industries, Incorporated should be denied for the reasons given.

Respectfully submitted,

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PROOF OF SERVICE

EA Industries, Inc.

v.

AMI Industries, Inc.

This is to certify that on this date, Sept. 9, 1981, the following opposing counsel have been served via UPS with copies of the foregoing brief.

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Petitioner's Reply Brief

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No. 81-365

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Respondent.

On Writ of Certiorari to the
United States Court of Appeals for the Fourth Circuit.

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Reply Brief of Petitioner

I. '495 PATENT INVALIDITY

A. Conflict Between The Circuits

Petitioner, EA INDUSTRIES, INC., has presented a Petition For Certiorari based on a conflict between the Circuits created by the Appellate decision in this case. Respondent has opposed this Petition based, in part, on an attempt to distinguish the Seventh Circuit case of *Hazeltine Research, Inc. v. Zenith Radio, Corp.*, 388 F 2d 25 (7th Cir. 1967) from the present circumstance. The alleged distinction does not exist and would not have any bearing on the conflict if it did so exist.

In *Hazeltine Research v. Zenith,* supra, a patent application was filed containing a certain disclosed system. Later, another application was filed including that earlier disclosed system and an additional system. In the first application, the claims were sufficiently narrow to require certain features limited to the first disclosed system. In the second application, the claims were broadened to include the later disclosed system as well. Between the filing dates of the first and second applications, a publication issued making unpatentable the later filed claims if support could not be found for the later claims in the earlier application. Even though both systems performed the same overall function, the later claims which embraced both systems were found to be invalid as not supported by the narrower disclosure of the earlier case.

In the present case, two patent applications were also filed sequentially with an interval of several years. There is an *admittedly* invalidating intervening reference. The later filed application included claims broadened by the redefinition of a term to include both the embodiment first disclosed in the earlier application and another and different embodiment first disclosed in the later filed application. As with the *Hazeltine* circumstance, the claims presented in the earlier filed application required certain elements which excluded coverage of the later filed embodiment. Thus, both *Hazeltine* and the present case included earlier and later filed applications, intervening references, early claims requiring components excluding the later disclosed embodiments and later claims covering both the earlier and later disclosed embodiments. The sole relevant difference between the Fourth Circuit decision here and the Seventh Circuit decision in *Hazeltine v. Zenith* is the result.

Respondent has attempted to distinguish the *Hazeltine* decision on the premise that the earlier filed patent application in *Hazeltine* indicated that a certain feature of the early embodiment was somehow essential to the invention, a feature not found in the later embodiment. Petitioner can find no basis for that assertion in a meticulous review of the Seventh Circuit opinion.

Assuming, however, arguendo, that such a disclosure had been made in the original application involved in the *Hazeltine* litigation, it would be of no import to the question of the adequacy of that disclosure for support of a claim in a later filed application with an earlier filing date. In arriving at the availability of an early filing date for the claims of a later filed patent application, the adequacy of the earlier disclosure must be established. The statute allowing one to claim an earlier filing date, 35 U.S.C. 120, requires adequate disclosure of the invention as it pertains to the claims at issue pursuant to 35 U.S.C. 112. If this *positive* support is not found in the earlier application, the claims cannot rely upon that application for a filing date. The question is *not* whether or not an element of the original disclosed embodiment was recited as being essential to the claims in the earlier application.

Because the alleged distinguishing fact in *Hazeltine v. Zenith,* supra, does not exist, was not relied on as a basis for the decision and is irrelevant to any such decision in any event, the Seventh Circuit decision is clearly in conflict with the Fourth Circuit decision below in the present case.

B. The Inadequacy of the Original Disclosure

In its opposition, Respondent has attempted to dismiss the inability of the original disclosure to support the later claims now at issue as simply a controversy over terms. Respondent also asserts that there was no negative statement in the original disclosure disavowing any embodiment not yet contemplated. Respondent specifically states at page 5 of its opposition that; "there was absolutely no indication in either the parent '397 patent or the continuation-in-part '495 patent that the vacuum inverter was incapable of inverting and stacking cut slugs...". The lack of any statement renouncing an undisclosed structure does not satisfy the affirmative burden on the applicant required by sections 112 and 120 of Title 35.

There was no statement in the original disclosure disclosing the handling of "cut slugs"; and in fact, the system disclosed was specifically designed to handle the inverting step prior to cutting the slug into brick. An applicant is required to disclose the invention and the best mode for carrying out that invention as a mechanism for supporting the claims. It is this affirmative duty which is shown to be lacking by the Findings of Fact of the District Court, Nos. 16, 44, and 48. The Court improperly relied on one of ordinary skill in the art to *extend* the original disclosure based on inapplicable notions of obviousness and absence of undue difficulty to suggest support for the later claims. A patent disclosure does not and cannot include, for purposes of extending the claimed monopoly, all that is obvious over that disclosure. What would be the advantage to the public from the publication of that disclosure if the knowledge imparted thereby was unavailable for use beyond the invention to all modifications that one skilled in the art could devise?

II. THE STAY

Respondent, in opposition to the issue of denial of the stay by the Fourth Circuit, argues that a stay would have been improper because the trial had taken place before the reexamination request was made. However, in the principal case of *United States v. Western Pacific Railroad Company,* supra, 352 U.S. 59, 1 L.Ed 2d 126, a determination on the facts, by summary judgement, had already been made at the lower court level. The issue is not one of proper timing. The new process of reexamination is either appropriate for primary jurisdiction or it is not. Only through a granting of the requested stay would the Court of Appeals have implemented the purpose of the reexamination legislation and avoided the difficulty which will be faced from now on if primary jurisdiction is not recognized, i.e., being in a situation where the Patent Office repeatedly is allowed to second guess the courts rather than vice versa.

That the reexamination procedure was not available at the time of trial is of no consequence to the situation as it existed in the Court of Appeals. As recognized by this Court in *Cort v. Ash*, 422 U.S. 66 (1975), the law in effect at the time of decision is to govern. The court stated at 422 U.S.77:

> " 'We anchor our holding in this case on the principle that a Court is to apply the law in effect at the time it renders its decision, unless doing so would result in manifest injustice or there is statutory direction or legislative history to the contrary.' "

The ongoing existence of the injunction in the present case insures against any "manifest injustice" and there is certainly no "statutory direction or legislative history" which precludes the stay which was sought in the Appellate Court.

Respondent asserted in the Opposition Brief:

> "Further, no trial court has ever rendered a decision as to how the reexamination statute affects patent litigation."

Fortuitously, in denying a stay of discovery pending reexamination, the District Court for the Northern District of California in *Raytek, Inc. v. Solfan Systems, Inc.*, C.A. No. C-80-194 RPA, reported in BNA, "Patent, Trademark & Copyright Journal", No. 544, pg. A-5, September 3, 1981:

> "The Court does not wish to stay all proceedings in this matter pending reexamination. However, the Court believes that trial should await the results of the reexamination. The Court does not feel that the request for reexamination was brought only for purposes of delay. And considering the level of expertise of the patent examiners as compared to either the Court or the jury and the presumption of validity of patents they issue, a decision by the Court or the jury should await their final determination."

There now exists a conflict between the decision below by the Fourth Circuit Court of Appeals and the Ninth Circuit by virtue of the above-quoted ruling.

Entertainment of the present Petition for Certiorari is believed to be appropriate and vitally important to the new reexamination statutes and to the overall benefit to the U.S. Patent system.

Respectfully submitted,

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